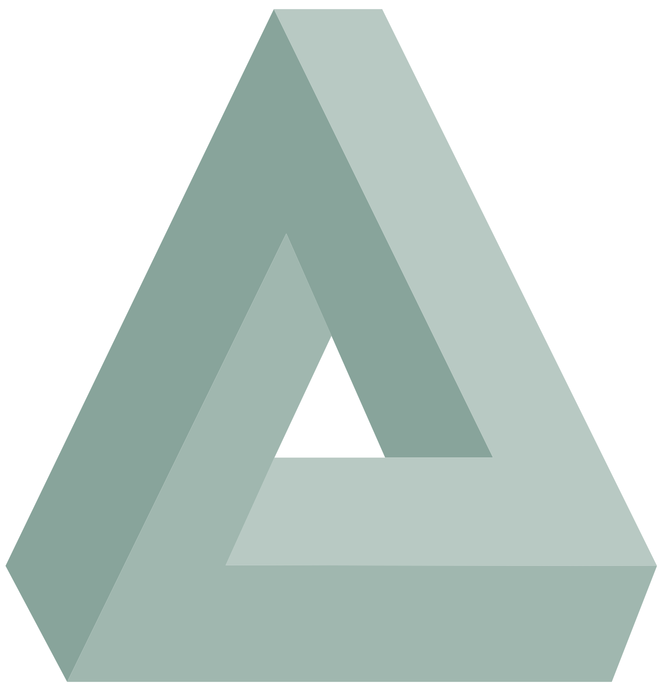
AKKÖK

HOLDİNG A.Ş.

2020



AKKÖK
HOLDİNG

Contents

Appropriate investments, *sustainable progress…*

We invest in the future with our services and products, raising standards in the Chemical, Energy and Real Estate Industries.

About us

A beacon of established knowhow, *financial strength and reliability...*

Founded in 1952 by the late Raif Dinçkök, and with deep knowhow spanning 68 years, Akkök Holding ranks among the most well established industrial groups in Turkey. The Group conducts operations in the fields of chemicals, energy and real estate, with 20 commercial and industrial enterprises, one of which is overseas, and with 19 production plants. By closely following the trends in the world's markets and in its operating industries, Akkök Holding aims to catch up with the global competition, and achieve world-class standards together with all the companies under its roof.

Aksa Akrilik Kimya Sanayi A.Ş. was founded in Yalova to meet the requirements for acrylic fiber in Turkey in 1968, and started production in 1971 with an annual capacity of 5000 tons. Becoming the largest acrylic fiber producer in the world with its investments and innovations, Aksa is a world giant with approximately 300 customers in 50 cities on 5 continents. With 1200 employees, a production area of 502,000 square meters, and annual capacity of 330,000 tons, it is the largest acrylic fiber producer in the world and the only producer in Turkey. Thanks to its wide product range, Aksa supplies textile and technical textile raw materials to a wide range of fields, from carpet to upholstery, from sweater to socks, from yarn to hand knitting, from velvet to rugs, blankets, awnings and industrial filters.

DowAksa was established in 2012 as a joint venture of the Dow Chemical Company and Aksa Acrylic San A.Ş., with the aim of providing a wide range of products and technical services to the global composites industry, whose raw material is carbon fiber. Thanks to Dow's knowledge and experience in resins, and Aksa's infrastructure, which allows for growth, today DowAksa is one of the strongest companies vying for leadership in the production of carbon fiber and carbon fiber intermediate materials market. Moreover, DowAksa is the first and only Turkish company in the carbon fiber industry. DowAksa provides carbon fiber composite solutions to industrial sectors, namely the energy, transportation, defense and infrastructure sectors.

Turkey's leading chemicals manufacturer, Ak-Kim was established in Yalova in 1977 and has expanded its production activities in the past 43 years in many different areas. It is a chemical company serving its customers with a wide range of products covering chlorine alkali and its derivatives, peroxides, methylamines, persulfates, bisulfites, textile auxiliaries, paper and water treatment chemicals, concrete additives and plastic additives with exports to six continents. The company, which is the market leader in many products in basic chemicals and performance chemicals, provides services to the cleaning, chemistry, textile, paper, water treatment, food, metal, pesticide, energy, building, mining, plastic and construction sectors.

Akcoat, which started frit production in 1979 with the strong vision of Akkök Holding, continues to produce in 5 main groups: enamel, ceramic, non-stick and decorative coatings, pigment and glass. With its product groups and "advanced chemical coating material products", it is the solution partner of global brands, each of which is a leader in its field, in various sectors such as white goods, ceramic tiles, home and kitchenware as well as the glass industry. As a preferred brand in 6 continents and 65 countries, it has production facilities in Spain and operates with regional offices and subsidiaries in the USA, Mexico and China. With an annual production capacity of approximately 142,000 tons and exports of up to USD 50 million, it adds a strategic value to Turkey's economy and it holds the sector's export championship for 12 consecutive years. Akcoat is taking firm steps to strengthen its leadership by putting its focus on R&D, digitalization and innovation next year and realizes its new investments in this direction. It aims to achieve world leadership by raising its exports to USD 100 million within 5 years.

Akiş REIT, one of the companies of Akkök Holding in the real estate sector, realizes projects that raise the quality of life in the regions where it operates. The Company successfully operates the Akbatı and Akasya Shopping Center projects, and carries out street retail projects on Bağdat Street as an alternative to the company's shopping center investments. Akiş REIT made its first cooperation in street retail with Beymen for the Uşaklıgil Apartment, and the store was open for visitors as of September 2017. In 2018, it made its first overseas breakthrough with the investment it made in a housing project developed in the UK. In addition to being a participant in the UN Global Compact, the world's largest corporate sustainability initiative, Akiş REIT has the highest Corporate Governance Rating among the companies listed on Borsa Istanbul in its sector. Akiş REIT also contributes to operational and financial sustainability by integrating the near future into business models by investing in new technologies and companies within the scope of the "Innovate21st Investment and Acceleration Program" for initiatives that offer digital solutions in the retail field, of which it is one of its supporters.

KidZania, established in 2014 on an area of 10 thousand m^2 in Akasya Shopping Mall, is a country of children operating in 27 cities in 20 countries. KidZania Istanbul offers learning services for families with children while having fun. It is a real city with more than 120 roles in 67 different activity areas with its bank, supermarket, fire station, hospital, earthquake simulation center, courier, stadium, streets and square. KidZania Istanbul is a special place where children between the ages of 0-14 are able to experience different professions, socialize with their peers, and expand their competence in many areas from financial literacy to social skills. KidZania supports the development of children's values such as responsibility, respect, solidarity, harmony, self-confidence, awareness and tolerance.

Akmerkez, on the other hand, has been both the address for pleasant experiences and one of the city's favorite meeting points, with its exclusive brands, shopping, entertainment and food and beverage areas, which have been within its structure since 1993. Adding dynamism to the social life of the city, Akmerkez continues to add value to the lives of its guests with its award-winning project "Agriculture on the Terrace", which proves that a sustainable life is possible in the city, and its services such as THY Miniport, click & collect, shopping delivery, cloakroom and trust, which it has renewed according to current needs. World award in 1996 presented by the International Council of Shopping Centers (ICSC), Akmerkez improves itself constantly with projects adding value to city life.

Starting its activities as an auto-producer group in the Akkök Group of Companies in 1989, Akenerji has been operating as an independent power generation company since 2005. With the 50-50 strategic partnership of Akkök Holding and CEZ, the Company has installed power of 1,224 MW.

Providing electricity supply services with the strategic partnership of Akkök Holding and the CEZ Group and authorized by EMRA, Sepaş Enerji is the official electricity supplier of Bolu, Düzce, Kocaeli and Sakarya regions. In addition to being the Supply Company in Charge, the Company provides power supply services to some 4 million people, as well as all major industrial, health care and the public sector organizations in the whole of Turkey.

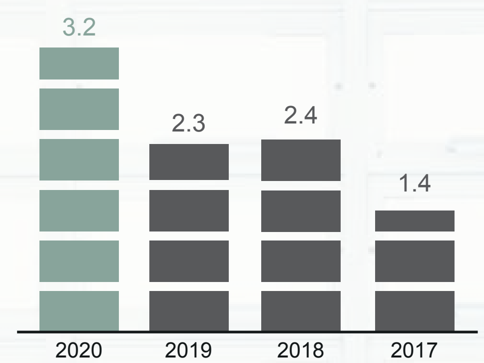
Sakarya Electricity Distribution (SEDAŞ) provides energy distribution services to 1.9 million consumers in 5 separate regional directorates in Sakarya, Kocaeli, Bolu, Düzce and Gebze and a total of 21 operation centers affiliated to these regional directorates. As of the end of 2020, SEDAŞ's total electricity distributed in the operating region covering East Marmara stands at 9.6 billion kWh.

Aktek was established in 2007 with the aim of guiding its customers, especially the Akkök group, by providing added value in the field of information technologies, to conduct feasibility studies, to come up with projects and to help them realize these projects economically and efficiently. According to the research on the "IT 500" list, Aktek ranked 133th in 2019 and 15th in System Integrator Services.

Since 1976, Dinkal Insurance (Dinkal Sigorta) successfully meets the needs and expectations of its customers and is among the preferred companies of the insurance industry with its privileged service approach. The company is among Turkey's respected industry players within the AKKÖK group.

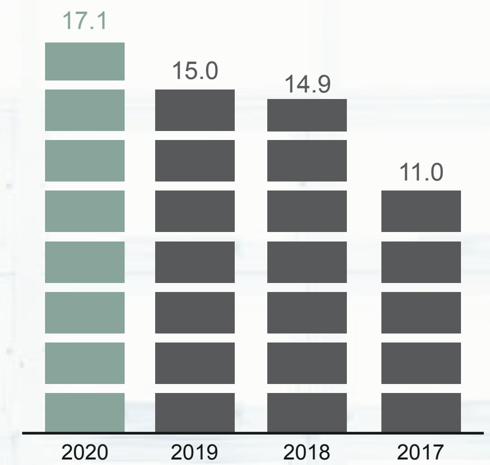
Key indicators

EBITDA
Combined (TL Billion)



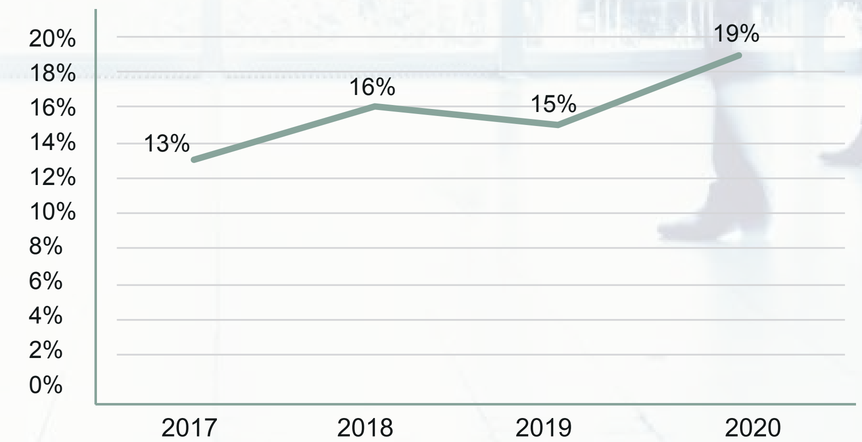
In 2020, Akkök Group announced a combined EBITDA of TL 3.2 billion.
[2] In 2020, consolidated EBITDA amounted to TL 1.7 billion.

Net Sales
Combined (TL Billion)



Akkök Group generated net sales of TL 17.0 billion.
[1] Consolidated net sales in 2020 amounted to TL6.2 billion.

EBITDA Margin
Combined

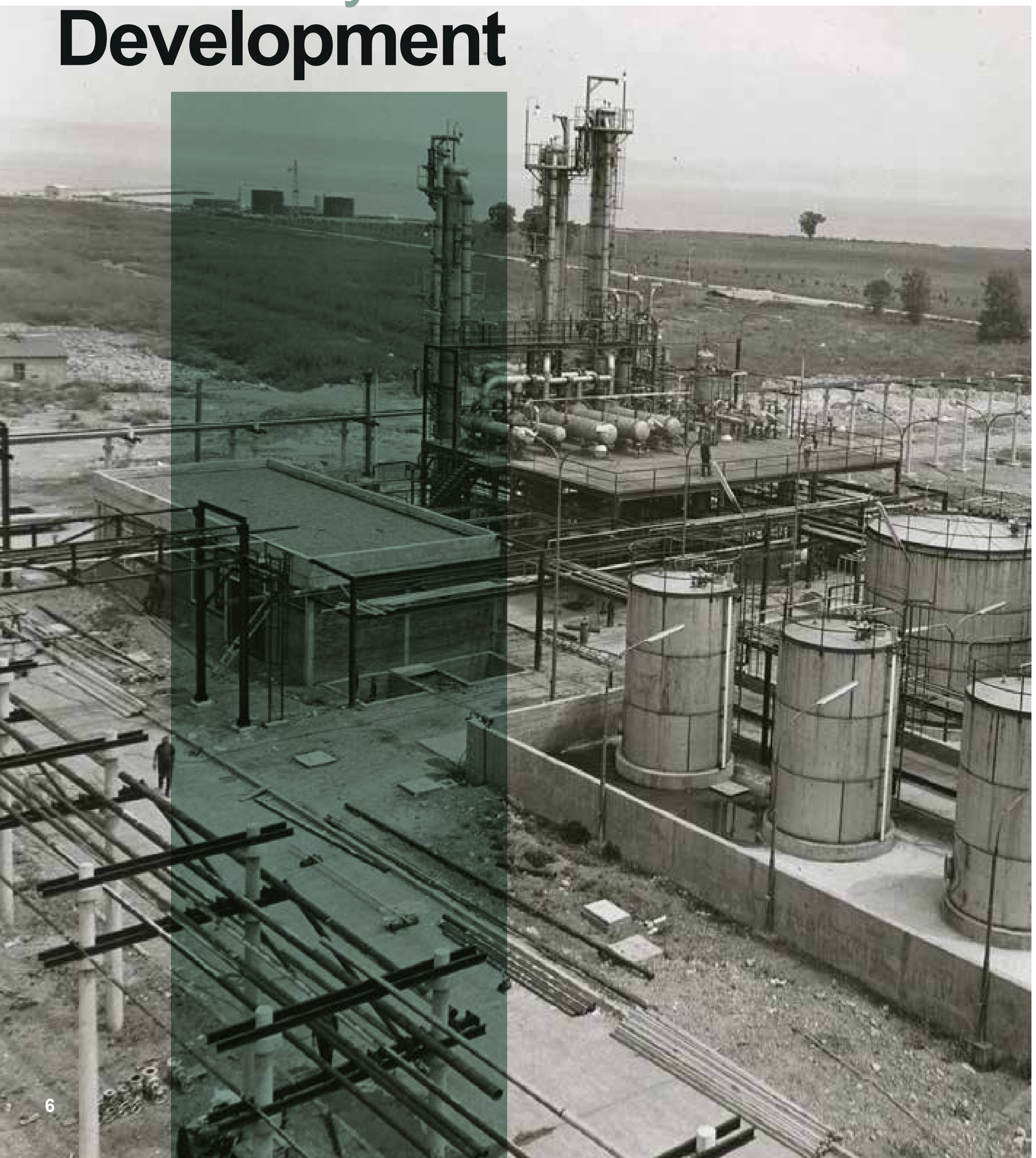


[3] Akkök Group achieved a combined EBITDA margin of 19% in 2020. Consolidated EBITDA margin for 2020 was 27%.

[*] Combined values are calculated as per the Regulatory Financial Statements of Akkök Holding A.Ş., as well as its Affiliates, Subsidiaries, and Jointly Controlled Entities, without being subject to elimination.

History and Development

Investments adding value To the turkish economy and *Society from past to present…*



1950's

Aksu was established in Bakırköy, Istanbul in 1952, as the Holding's first industrial investment. It was followed by Ariş the same year, also established in Bakırköy. The establishment of Dinarsu was completed in Eyüp, Istanbul in 1953. Dinkal A.Ş., a manufacturer and trader of yarn, was also founded in the same year.

1960-1970

Aksa was established in Yalova in 1968 and commenced production in 1971. The company started exporting in 1977. Akmeltem and Ak-Pa were established in 1976. Ak-Kim was established in 1977 and started production of sulfur dioxide.

1980's

Foundations of Ak-Al Bozüyük Plant were laid in 1982, and Akmerkez Etiler Ordinary Partnership was set up in 1985. Ak-Tops was established in 1986 and Aksa was listed on the ISE in March; Ak-Al was listed on the ISE in September of the same year. In 1986, Ak-Kim Organic Facility was founded and inaugurated. In 1989, Akenerji and Aktem were established and Ak-Kim started to produce methyl amines.

1990-1994

Dinkal was restructured as an insurance consultation and brokerage corporation and Ak-Kim started producing dimethylformamide for the first time in 1990. Aksu shares began trading on the Istanbul Stock Exchange (İMKB) in November of the same year.

Akmerkez was inaugurated on December 18, 1993. Ak-Kim signed the Responsible Care Program, becoming one of the first companies to implement the program in Turkey.

1995-1996

Akmerkez Lokantacılık launched Paper Moon and was later chosen as the “Best Shopping Center in the World” at a competition in Las Vegas.

1997-1999

In 1998, Akport launched the Tekirdağ-Trieste Ro-Ro line and Ak-Kim's Hydrogen Peroxide Facility became operational Ak-Kim inagurated Turkey's first Hydrogen Peroxide plant. The following year, Akrom Ak-Al Textile Romania SRL was established.

2000-2002

In 2000, the Akrom Romania Plant started production, Akenerji was listed on the BIST in July. In 2000, Aksa switched to biological treatment with the Deep Tank system, the most advanced technology in water treatment, breaking new ground in Turkey. Ak-Kim started exporting its know-how and technology abroad during the same year.

2003-2004

Aksa Acrylic Egypt's foundations were laid in 2003 in Alexandria, Egypt. Aksa Acrylic established Fitco B.V. for its new investment plans. Aksu became the first Turkish company to participate in the Premiere Vision Fair. Akenerji Elektrik Enerjisi İthalat İhracat Toptan Ticaret A.Ş. began commercial activities in 2004.

2005-2006

In 2005, Dinarsu was sold to Merinos Halı Sanayi Group and Akmerkez was listed on the BIST as of April of the same year. Aksa Akrilik Egypt also started production in 2005. In addition, Ak-Kim started producing paper chemicals, and Akiş was established in order to develop and manage Akkök Holding's real estate investments.

In 2006, Akenerji acquired Akkur Enerji Üretim Ticaret ve Sanayi A.Ş. and in September, Paper Moon opened a branch in Ankara. The same year, Ak-Kim launched the first sodiumpercarbonate facility in Turkey.

2007

Ak-Kim started production of concrete additive chemicals and signed the United National Global Compact together with Akkök Holding as an indication of their sustainability and the corporate citizenship concept.

Aktek was founded and Akiş started Akkoza's construction in partnership with Garanti Koza and Corio. The protocol for the construction of Yalova Raif Dinçkök Culture Center was signed. A book, "Yadigâr-ı İstanbul", comprising photos of Yıldız Palace, was completed with contributions by Akkök Holding. SAF REIT, a subsidiary of Akkök Holding has been traded on BIST as of 2007.

2008

In 2008, the AKCEZ Consortium, a partnership between Akkök, Akenerji and the Czech Republic energy company CEZ Group, won the tender held by the Privatization Administration for Sakarya Elektrik Dağıtım A.Ş. (SEDAŞ), and conducted by the Republic of Turkey Prime Ministry Privatization Administration.

2009

While Aksa was awarded the Quality Association's (KalDer) National Quality Grand Prize, a groundbreaking ceremony was also held for Yalova Raif Dinçkök Cultural Center for which a construction agreement was signed the previous year.

In 2009, Akiş acquired the partnership shares of Garanti Koza and Corio in the Akkoza Project and became the 100% owner of Akbatı Shopping Mall and Akbatı Residences. Aksu and Ak-Al merged under the roof of Ak-Al. While Akenerji put into operations the Ayyıldız Wind Power Plant with an installed capacity of 15 MW in Bandırma, Balıkesir, Aksa Akrilik launched a carbon fiber production facility with a capacity of 1,500 tons/year. The Akkök Firefly Mobile Learning Unit project was launched in 2009 in Yalova.

2010

All human resources departments within Akkök Holding were re-structured.

Akenerji commissioned the hydroelectric power plants Akocak, Bulam, Burç, Uluabat and Feke II. The total electricity capacity of Polat Enerji's wind power plants yielding a production of 100 MW were procured.

The Tekirdağ- Muratlı railroad line connecting to the Akport Tekirdağ Port started to operate.

2011

Aksa Acrylic signed a partnership agreement with Dow Chemicals for strategic cooperation in carbon fiber.

Akenerji became the first Turkish company to be granted the Investors in People (IIP) Quality Certification. Akenerji participated in the Carbon Disclosure Project (CDP), becoming one of two Turkish energy corporations participating in the CDP.

Akbatı Shopping Center, constructed by Akiş in Esenyurt, Istanbul opened its doors.

Raif Dinçkök Culture Center opened for service.

2012

DowAksa was founded.

Deliveries for Akbatı Residences, an Akiş project located in İstanbul Esenyurt, were made. Akiş received the title of Real Estate Investment Trust.

2013

It was decided to continue Ak-Tops Tekstil Sanayi A.Ş.'s activities under the umbrella of Aksa Akrilik Kimya Sanayii A.Ş.

Ak-Kim established Akferal. Ak-Kim obtained registration from the Ministry of Science, Industry and Technology as an R&D Center.

Aksa Acrylic became involved in the Turquality Project. DowAksa purchased the CarbonWrap work unit, offering carbon fiber composite solutions for infrastructure and building reinforcement.

SEDAŞ carried out its demerger project with the establishment of Sepaş Energy.

Akiş started trading on the Borsa Istanbul Corporate Products Market.

Akasya and Akasya Housing Project became the first project to win the BREEAM certificate in Turkey.

2014

Akkök Holding, First GRI approved sustainability report was published.

Aksa Akrilik becomes the first corporation in its sector, and just the second in Turkey, to obtain the "Risk Management System Verification Certificate".

The Joint Treatment Facility project was commenced along with Ak-Kim and DowAksa.

DowAksa Advanced Composites Holdings B.V. signs a three-party joint investment decision with Rusnano and Composite Holding (HCC) for the Composite Nanotechnology Center (NCC).

DowAksa USA is founded. 50% of c-m-p, the German prepreg producer is purchased.

Akenerji completed and commissioned Erzin Natural Gas Cycle Power Plant project.

SEDAŞ commissioned its SCADA Project for remote monitoring of electricity and faster intervention in power failures in Kocaeli, Gebze and Sakarya.

Akiş GYO, Operations oriented toward high street retail gain impetus.

Akasya project's shopping center was commissioned by SAF REIT, of which Akiş has a 19.71% shareholding.

2015

In line with the "Investment in the Future" strategy, the Company became the main sponsor of the Mamut Art Project for the first time in 2015.

Yalova Composite and Chemistry Specialized Improvement Organized Industrial Zone (YALKİM OSB), in which the Acrylic Based Composite, Advanced Material and Technology Manufacturers Association and Yalova Special Provincial Administration, Taşköprü Municipality and Yalova Chamber of Commerce and Industry are founding partners, was established on July 6, 2015 with the approval of the Ministry of Science, Industry and Technology.

DowAksa and Ford sign a Joint Development Agreement (JDA) for production of carbon fibers that are suitable for affordable, high volume automotive applications.

Ak-Kim acquired 100% shares in Gizem Frit. The Ultrafiltration Project, one of Ak-Kim's key investments, was completed.

Gizem Frit, started the first non-stick coating production in 2014, and made its first export both in coating and ceramic frit in 2015.

Project development and engineering work on the Kemah Hydroelectric Power Plant project were completed by Akenerji. Akenerji became the first and only energy company to report under the CDP Turkey Water Program. The SCADE project was completed by SEDAŞ at the end of 2015. Sedaş Energy launched a first in the sector through online electricity sales on its website.

Akiş GYO A.Ş. completes the Life Academy Project.

Along with developing many value added projects approved by YTÜ Teknopark management in 2015, Aktek also creates a structure called Aktek Garage that structurally describes internal and external innovation philosophy.

2016

At the Corporate Governance Award Ceremony organized by TKYD, Aksa Akrilik wins the top award as the "Company with the Highest Corporate Governance Rating". Aksa Akrilik chooses to add a brand-new vision to acrylic fiber with its new brands; Acryluna, Acrysole, Acryterna and Acrylusion.

The Global Composite Center in Yalova, financed under the joint project of TUSAŞ and DowAksa, which is also supported by the Undersecretariat for Defense Industries, is opened for service. Ak-Kim was accepted into the most prestigious and comprehensive incentive program in Turkey, Turquality.

The Company becomes the first to implement a virtual plant tender in Turkey. Akenerji becomes the only electricity production company to join the Carbon Disclosure Project (CDP) Turkey 2016 Water Program. Sepaş Enerji begins the SAP IS-U-CRM project, which will restructure all of its systems to offer the best customer experience, and enable management thereof with a technological infrastructure.

Akiş REIT started selling its new brand, Akapartman Suadiye.

Akasya Culture and Arts Center in Akasya opened its doors in June 2016.

2017

The Corporate Governance Rating, calculated by evaluating Aksa in terms of Corporate Governance Principles of the Capital Markets Board, was updated to 9.63, and it became the company with the Highest Corporate Governance Rating on the BIST Corporate Governance Index for the second year running.

DowAksa signed a long-term supply agreement with Vestas Wind Systems A.Ş., one of the largest wind turbine producers in the world.

Ak-Kim purchased Dinox. The Company also purchased Feralco shares in Akferal, making it a 100% Ak-Kim affiliate.

Gizem Frit acquired one of the key players in the ceramic sector, Megacolor, in Spain at the end of 2017.

The additional capacity of 13.2 MW at Ayyıldız Wind Power Plant was activated, and the total installed capacity of the plant reached 28.2 MW.

SEDAŞ obtained the First R&D success award with its Remote Electronic Meter Reading Project, approved by the Energy Market Regulatory Board (EPDK) at the 3rd Energy R&D Workshop. SEDAŞ became a Corporate Tax Record Breaker in Sakarya.

Following the merger with SAF REIT on January 18, 2017, Akiş REIT became one of the most prominent players in the sector.

2018

Aksa Akrilik raised its Corporate Governance Rating from 9.63 to 9.70 in the assessment made by the independent corporate rating company Saha. Securing the top spot again this year, it has acquired the grand prize for three consecutive years.

In 2018, Akiş REIT sold 7.36% of its shares to the European Bank for Reconstruction and Development (EBRD), gaining an internationally valuable stakeholder. By realizing a foreign investment for the first time, it became a partner in a housing project developed in London.

Gizem Frit received a R&D center certificate.

Ak-Kim Kimya commissioned its new performance chemicals facility with a capacity of 50,000 tons/year and started production.

2019

Aksa Acrylic has been shown among the companies that have been contributing to the development of the chemical industry for more than 50 years by The Chemical Manufacturers Association of Turkey (TKSD) and has been awarded with the "50th year" plaque.

This year as well, Aksa Acrylic emerged in the upper row of Turkey's Top 500 Industrial Organizations list. It ranked 41st in the ISO 500 list known as the "Giants League".

The Company received the second prize by raising its Corporate Governance Rating from 9.70 to 9.72.

The production capacity of Aksa was determined as 330,000 ton/year as a result of the efforts to create the optimum production track.

Ak-Kim Kimya was awarded the Silver Recognition level in the sustainability assessment of the global supply chain in the field of corporate social responsibility made by EcoVadis.

Ak-Kim Kimya was selected as the National Champion in the innovation category at the European Business Awards.

Ak-Kim Kimya completed the TfS (Together for Sustanability) Sustainable Supplier audit with a high score.

Ak-Kim Kimya R&D Center received the 2nd prize in the evaluation of the Ministry of Industry and Technology.

Akiş REIT successfully completed the issuance of TL100 million nominal, 2-year maturity, variable interest bonds.

The Corporate Governance Rating of Akiş REIT has been determined as 9.62.

Akiş REIT has completed the necessary applications to join the UN Global Compact, the world's largest corporate sustainability initiative, with over 9,500 companies and more than 3,000 non-company members in over 60 countries.

Akiş REIT was accredited by the TÜV Thüringen e.V. (German Accreditation Agency - DAkkS) and received the ISO 27001: 2013 Information Security Management System Certificate.

At The One Awards that are awarded to companies that have raised their reputation the most every year, Akenerji added one star to its award as the recipient of the first prize for the second time in a row.

The ISO 9001: 2015 Quality, ISO 14001: 2015 Environmental Management Systems recertification audits for Akenerji Head Office, Ayyıldız WPP, Uluabat HEPP, Burç HEPP, Bulam HEPP, Feke I HEPP, Feke II HEPP, Himmetli HEPP, Gökkaya HEPP and Erzin NGCCPP were performed successfully and documents were renewed. According to the ISO 45001: 2018 Occupational Health and Safety standard, which replaces the OHSAS 18001: 2007 Occupational Health and Safety standard, the General Directorate and all power plants are documented and Akenerji became one of the first companies to implement the ISO 45001: 2018 standard.

The continuity of the ISO 27001: 2013 Information Security Management Systems documents was affirmed.

The ISO 50001: 2018 Energy Management System practices started in all plants. In this context, by determining the energy consumption and evaluating the performance, targets were set to reduce consumption and make improvements.

Having achieved R&D success in cost reduction projects, DowAksa has strengthened its supply network in 2018 and 2019 by adding alternative local suppliers to the supply chain.

Gizemfrit continued to be on the Fortune 500 (Turkey) and ISO 500 lists in 2019. Also, as it has been in the last 11 years, it ranked first once again with its exports figure this year in the "Paint, Varnish and Inks" category at the "Star of Export" awards organized by the Association of Istanbul Chemical Products and Goods Exporters.

Gizemfrit continued to invest in human resources in 2019 as well. In order to enhance the qualifications and skills of its employees, it established the Gizemfrit Academy in partnership with Sabancı University and cultivated a sustainable education model within its own organization.

SEDAŞ, by signing the United Nations Women's Empowerment Principles (WEPs) within the scope of "Forget the Gender" Project, which it has carried out in terms of gender equality and equal opportunities and gained momentum in 2019, has committed its resolution and support in this regard.

Paper Moon Istanbul, was awarded the "Diploma of Good Cuisine" prize in September 2019 issued by the "Accadimia Italiana Della Cucina" established for the development of cultural and trade relations in the areas of gastro-economy and gastro-tourism between Italy and Turkey. Paper Moon Executive Chef Giuseppe Pressani received the award on behalf of Paper Moon.

2020

Ak-Kim Kimya raised the Silver Awareness level to the Gold Awareness level in the sustainability assessment of the global supply chain in the field of corporate social responsibility conducted by EcoVadis.

Ranking 252nd in the ISO 500 ranking, Ak-Kim Kimya has moved up 100 places in the last five years.

Ak-Kim Kimya was entitled to receive the TSE Covid-19 Safe Production Certificate after passing the TSE inspection.

Akiş REIT became a participant in the UN Global Compact, the world's largest corporate sustainability initiative.

Akiş REIT has the highest Corporate Governance Rating in its sector with a score of 9.63 among the companies listed on Borsa Istanbul.

Akiş REIT became one of the supporters of the 'Innovate21st' Investment and Acceleration Program for startups that offer digital solutions in the retail field.

Akasya and Akbatı received the Covid-19 Safe Service Certificate issued by the Turkish Standards Institute (TSE).

Akasya and Akbatı obtained the TÜV SÜD certificate and registered their hygiene standards.

By obtaining the ROYAL CERT Certificate, Akasya and Akbatı once again proved their reliability in terms of compliance with SAFE Covid-19 requirements within the scope of retail and service. We certify that we have raised our hygiene standards and measures to the highest levels for the safety of both our guests and our employees, with the documents we have received.

In the category of Yıldız Akköklüler Operational Excellence, Akasya and Akbatı's project, "Establishing high hygiene standards in the fight against Covid-19 in shopping malls and reducing the risk to zero - Peace of mind at Akasya and Akbatı", was deemed worthy of an award.

In 2020 too, we were in the Fortune 500, ISO 500 and Capital 500 lists. We rose to the first place in the list of "Companies with Rising Profit Before Interest and Tax", which lists the fastest growing companies in Fortune 500.

Akenerji's social responsibility project "Akenerji By Women's Side" in the Feke District of Adana was deemed worthy of an award at the 3rd Energy and Natural Resources Summit of Turkey.

Competing in the "The Stevie Awards for Great Employers" category, Akenerji was deemed worthy of 2 separate awards. Akenerji was granted the bronze award in the "Most Valuable HR Team" category thanks to its human resources efforts to combat the coronavirus epidemic and a silver award in the "Most Valuable Employer" category.

Akenerji for all power plants, ISO 9001: 2015 Quality, ISO 14001: 2015 Environment, ISO 45001: 2018 Occupational Health and Safety, ISO 50001: 2018 Energy and ISO 27001: 2013 Information Security Management Systems audits were successfully carried out.

Akenerji maintained its place in the index in which companies traded on Borsa Istanbul and possessing high corporate sustainability performances are included.

Akenerji's CDP (Carbon Disclosure Project) Climate Change report was scored above the European and Global Average of C at the B-"Management" level, and the CDP (Carbon Disclosure Project) Water Report was scored at the B-"Management" level.

The greenhouse gas emissions of the Erzin Natural Gas Combined Cycle Power Plant for 2019 were verified by the verification body authorized under both the Regulation on Monitoring of Greenhouse Gas Emissions and the ISO 14064 Greenhouse Gas standard. The Environmental Permit Certificate of the power plant has been renewed.

As of the end of 2020, all our power plants have been awarded the Basic Level Zero Waste Certificate by the Ministry of Environment and Urbanization.

Paper Moon Istanbul took its place with 4 pearls in the 2020 'Pearl Gastronomy Guide' prepared with Turkey's first and only unique gastronomy rating system.

Message from the Chairman of the Board of Directors

Raif Ali Dinçkök
Chairman of the Board of Directors and Executive Board Advisor

2020 started with a positive outlook globally, with the contribution of developments such as the completion of the first phase of the US-China trade agreement and the support of central banks for monetary expansion.

The unemployment rate in the US had fallen to 3.5%, the lowest level since the 1970s. As a sign of the acceleration of growth in the European region, PMI data was realized about 2 percentage points above December 2019, in January-February 2020. Signs of recovery were also striking in the economies of developing countries. However, the global economy and social life were deeply shaken with the coronavirus (Covid-19) epidemic that started in China and spread throughout the world.

With the epidemic turning into a pandemic, the functioning of global supply chains has been disrupted. While serious production cuts occurred worldwide due to mandatory measures and closures, there was contraction in consumption and the majority of companies were affected by the pandemic. At the same time, fragility in financial markets escalated. While the prices of risky or directly affected assets such as oil fell rapidly, the prices of commodities such as gold and silver, which are considered safer investments, rose. Although there was a global recovery with the easing of the pandemic in the summer months and the relaxation of the measures, the losses in the first half of the year could not be fully compensated. According to the latest estimates of the IMF, the world economy was expected to contract by 3.5% in 2020. It is estimated that there will be deterioration in the employment market due to factors such as the employment-creating sectors such as service and tourism being much more affected by the pandemic and the acceleration of digital transformation and the replacement of the workforce by automation in the production processes.

We are taking steps in line with the goals that we can create added value for our country and our stakeholders in all sectors in which we operate, *especially in chemistry, energy and real estate. We continue to make our investments in line with these targets.*

The effects of the pandemic were also felt seriously in our country. Despite the 4.5% growth in the first quarter of 2020, there was a 10.3% contraction in the second quarter with a spike in the number of cases. With the effect of the measures taken and the support packages implemented, a growth of 6.3% and 5.9% was achieved in the third and fourth quarters, respectively, and a growth of 1.8% was achieved at the end of the year. In today's world where a stable macro-outlook is needed more than ever, high inflation and fragility in financial markets, in addition to the low growth rate in recent years, make the short-medium-term outlook unpredictable. Therefore, it is crucial to implement structural reforms that will enable predictability, steps to improve the investment environment, measures to reduce volatility in macro indicators, and sustainable development models.

Along with the pandemic, a rapid change in social life and ingrained habits was witnessed. It has been observed that people are capable to adapt to changes that will take many years in a matter of weeks. While social distance and remote working have become a part of life, it has been understood that working remotely can be carried out successfully. The importance of adapting quickly to changing conditions and new technologies and being able to cope with uncertainties has emerged once again. At Akkök Group, I believe that we have managed this process well and that we are successfully adapting to the new world order. In the coming period, investments and technologies that will make a difference and expand our value chain and digitalization will continue to be among our priority agenda items.

At Akkök, we continued our growth in this difficult year and our combined turnover exceeded TL 17 billion. We are taking steps in line with the goals that we can create added value for our country and our stakeholders in all sectors in which we operate, especially in chemistry, energy and real estate.

We continue to make our investments in line with these targets, and we are working on company acquisitions and mergers that will contribute to the country's exports or new technologies. I would like to thank all our business partners and employees who have contributed significantly to our goals even during this difficult period.

Sincerely,

Raif Ali Dinçkök
Chairman of the Board of Directors and
Executive Board Advisor

Message from the Chief Executive Officer

Ahmet C. Dördüncü
Chief Executive Officer and
Member of the Board of Directors

We started 2020 with a positive and optimistic outlook for both the real sector and financial markets. However, the epidemic that started in China and spread throughout the world reversed this trend and brought the economies to a standstill, especially in March-April. Although the contraction slowed down with the normalization steps taken in the summer months, the slow progress of the vaccination process caused the economic recovery to take longer than expected. Global trade volume contracted by 5%, while forecasts for a global contraction of 3% to 4% for 2020 were made. In this process, while many countries tried to reduce the economic impact of the pandemic with financial support packages and expansionary monetary policies, global inflation risk emerged as a side effect.

2020, which was also challenging for our country, was completed with an annual growth rate of 1.8%. Due to the significant impact of global trade, exports declined by 6% compared to the previous year, while imports grew by around 4% as a result of increased domestic consumption. Due to the negative outlook in the tourism and logistics sectors, the foreign trade deficit rose to USD 50 billion. Due to the ongoing pandemic, possible closures in markets such as Germany and England, which are the driving force of our exports, continue to be a risk factor. Inflation continued to be in double digits, as in the last few years, and exchange rates followed a highly volatile course.

Entering 2021, the rising trend in the Turkish Manufacturing PMI data, which is one of the leading economic indicators, and the increase in the country's growth forecasts to 5% create a more optimistic new year expectation. On the other hand, it is very critical to have a stable macroeconomic outlook and a predictable market structure in order to augment investments that will support growth and especially for foreign investors to expand their activities in our country. We consider the immediate implementation of the reforms that will create this environment to be among the top priority agenda items due to the still fragile markets and risks such as the inflation and the pandemic.

Along with the pandemic, the way of doing business in the world and in our country is going through a radical change. In this process, while new flexible business models that focus on themes such as digital transformation, environmentally sensitive and sustainable production came to the fore, traditional business models needed adaptation. In particular, companies that provide advanced technology and value-added products/services boosted their valuations in this period and received much more investment than traditional companies. On the other hand, the tendency to become widespread in supply sources due to the problems experienced in global supply chains has emerged as a vital opportunity for Turkey. We anticipate that this situation will have a very positive impact on the export volume of our industry. On the other hand, the supply problems in some critical raw materials are bringing commodity prices to abnormal levels and mounting logistics costs are affecting imports and exports, thus negatively impacting the profitability of the companies.

Considering all these processes, we continue our work in areas that create high added value, closely following technological developments and putting global changes at the center. As always, we aim to create value in our three main sectors, chemistry, real estate and energy, with an innovative approach that adheres to the principles of being corporate, transparency and trust.

While our chemical group companies continued their organic/inorganic investments in 2020, they have focused on priority issues such as sustainability and circular economy in their business plans. Aksa Akrilik, the world's largest acrylic fiber producer, prepared the first Integrated Report covering 2019 activities with its sustainability approach and became one of the leading companies in Turkey to prepare this report. Adopting a business model based on creating long-term shared value with its stakeholders, Aksa has entered 2021 more prepared by identifying its priorities, risks and opportunities in the field of sustainability. DowAksa, a 50%-50% partnership between Aksa Akrilik and Dow Chemical Company, managed to raise its turnover by nearly 60% in 2020, despite the pandemic. The carbon fiber reinforced polyurethane resin plate production technology developed by DowAksa in recent years is in high demand from foreign customers, and investments to expand capacity will continue in 2021 to meet this demand.

At Akkök Holding, we raised our combined turnover to TL 17 billion in 2020, in a year which was challenging all over the world, *and achieved a combined EBITDA of TL 3.2 billion, with a growth of 40% compared to the previous year.*

Ak-Kim Kimya, one of the largest chemical manufacturers in Turkey, has carried out studies on the acquisitions of leading companies in its sector, which will expand its current business area. These processes are targeted to be completed in 2021. Gizemfrit, a subsidiary of Ak-Kim Kimya and one of the world's largest enamel and ceramic coating manufacturers, changed its name to "Akcoat" in order to gather its rich product range under a single global brand. Accelerating its R&D activities in 2020, Akcoat has undertaken many R&D projects throughout the year, 6 of which were supported by The Scientific and Technological Research Council of Turkey (TÜBİTAK).

Real estate has been one of the sectors most affected by the coronavirus outbreak. For this reason, Akiş REIT, one of our real estate companies, has created an environment where all stakeholders feel safe by keeping the health and hygiene conditions at the highest level in the shopping malls in its portfolio. At the same time, Akiş REIT, which closely follows digital solutions in the retail sector, has invested in various start-ups and new business models within the scope of the "Innovate 21st Investment and Acceleration Program" for startups. Akmerkez REIT, on the other hand, managed to maintain its dividend performance in 2020 with its strong financial structure. "Agriculture on the Terrace", a sustainable local agriculture project on the roof of the shopping mall, which was implemented as a pioneer in Turkey, has gained more prominence with the pandemic.

As one of the companies that steer the energy sector with its 1,224 MW installed capacity, Akenerji's main strategy in 2020 has been to operate the existing power plants optimally at market prices. At the same time, aiming to develop new projects that will create added value for the company, Akenerji expanded its trading activities in foreign electricity markets and reached a record level with a transaction volume of 550 GWh.

Our companies SEDAŞ and Sepaş Enerji, which operate in electricity distribution and retail sales, continued their digitalization efforts with the aim of efficient business models. Sepaş Energy focuses on developing online and reliable solutions that add value to customer experience. In this context, Sepaş Enerji, worked in 2020 on projects such as the creation of new service channels and the implementation of applications that provide ease of payment and has taken customer satisfaction to the next level every day. The investment size of SEDAŞ in the 2021-2025 new tariff period has nearly tripled compared to the previous period and reached a significant amount of TL 2.7 billion. Putting customer satisfaction at the center of its investment plan, SEDAŞ focuses on investments that will raise network quality and digital solutions that will provide efficiency for this purpose.

At Akkök Holding, we raised our combined turnover to TL 17 billion in 2020, in a year which was challenging all over the world, and achieved a combined EBITDA of TL 3.2 billion, with a growth of 40% compared to the previous year. In addition, we reached exports of TL 2.9 billion, and maintained the share of our exports in total turnover. We are constantly trying to develop projects that will contribute to our country and create value. I would like to express my sincere thanks to all our stakeholders, employees, business partners and shareholders who have supported us on this path.

Sincerely,

Ahmet C. Dördüncü
Chief Executive Officer and
Member of the Board of Directors

Board of Directors

Raif Ali Dinçkök
Chairman of the Board of Directors and Executive Board Advisor

Nilüfer Dinçkök Çiftçi
Assistant Chairman of the Board of Directors

Ahmet Cemal Dördüncü
Member of the Board of Directors and Chief Executive Officer

Mehmet Ali Berkman
Member of the Board of Directors

Alize Dinçkök
Member of the Board of Directors and Member of the Executive Board

Özlem Ataünal
Member of the Board of Directors and Member of the Executive Board

Mehmet Emin Çiftçi
Member of the Board of Directors and Member of the Executive Board

Melis Çiftçi
Member of the Board of Directors

Akkök Holding Board of Directors

Raif Ali Dinçkök
Chairman of the Board of Directors and Executive Board Advisor

Born in Istanbul in 1971, Raif Ali Dinçkök graduated from Boston University (USA), Department of Business Administration in 1993, and subsequently started working at Akkök Holding. Mr. Raif Ali Dinçkök continued his career in the Purchasing Department of Ak-Al Tekstil San. A.Ş. between 1994 and 2000, and later served as Coordinator of Akenerji Elektrik Üretim A.Ş. from 2000 to 2003. Prior to his current position as the Chairman of the Board of Directors at Akkök Holding A.Ş., he served as a Member of the Board of Directors and Vice Chairman of the Executive Committee at Akkök Holding A.Ş. Since January 1, 2019, Mr. Raif Ali Dinçkök has served as the Chairman of the Board of Aksa Akrilik, Ak-Kim, Akiş REIT and Akmerkez REIT, as well as a Member of the Board of Directors in other companies within Akkök Holding. He also works as Akkök Holding Executive Board Advisor.

Nilüfer Dinçkök Çiftçi
Assistant Chairman of the Board of Directors

Born in Istanbul in 1956, Nilüfer Dinçkök Çiftçi graduated from Lycée Français Sainte Pulchérie in Istanbul in 1970. She continued her education in Switzerland, where she later graduated from St. Georges School in 1976. Assistant Chairman of the Board of Directors of Akkök Holding A.Ş., Nilüfer Dinçkök Çiftçi is acting on the Board of Directors of Akkök Group Companies.

Ahmet Cemal Dördüncü
Member of the Board of Directors and Chief Executive Officer

Born in Istanbul in 1953, Ahmet C. Dördüncü, graduated from Çukurova University, Department of Business Administration. Later, he pursued his postgraduate studies at Mannheim and Hannover Universities. Mr Dördüncü began his professional career at Claas OHG Company in Germany, and after returning to Turkey, he worked at Mercedes Benz A.Ş. between 1984 and 1987. He joined Sabancı Group in 1987, and assumed several positions at Kordsa A.Ş. until 1998. Mr. Dördüncü served as General Manager/President at DUSA South America, and later at DUSA North America in 1998. After working as Group President of Strategic Planning and Business Development at Sabancı Holding A.Ş. in 2004, he assumed the position of Chairman of the Executive Board of Sabancı Holding from 2005 to 2010. Mr. Ahmet Cemal Dördüncü, Chairman of the Executive Board of Akkök Holding since January 2013, also serves as the Chairman of Akenerji, Akcez and Akcoat, Deputy Chairman of Aksa Akrilik, Ak-Kim Kimya and Akiş REIT, and Member of the Board of Directors of various Akkök Holding Companies. Mr. Dördüncü is the Chairman of the United Nations Global Compact Turkey. He is also a Member of the Board of Directors in International Paper Co. companies. He speaks English, German and Portuguese.

Mehmet Ali Berkman
Member of the Board of Directors

Born in Malatya in 1943, Mehmet Ali Berkman graduated from Middle East Technical University, Continuing his education in the USA as a TEV Scholar, Mr. Berkman received his MBA from Syracuse University, USA, concentrating on Operations Research. Mr Berkman joined Koç Group in 1972, and assumed the role of General Manager in MAKO, Uniroyal, DÖKTAŞ and Arçelik respectively. Subsequently he worked as Head of Strategic Planning, Human Resources and Industrial Relations, and left the Group on December 31, 2003 due to the Group's retirement policy. In September 2005, he assumed the position of Member of the Board of Directors and Chairman of the Executive Board of Akkök Holding A.Ş. He also served as Member and Chairman of the Boards of Directors of other Group companies. Mr. Mehmet Ali Berkman, who handed over the Akkök Holding Executive Board Chairmanship as of January 1, 2013, continued his duty as Akkök Holding Executive Board Advisor until the end of 2019.

In addition to his duty as Akkök Holding Board Member, Mr. Berkman continues his duty as DowAksa Board Member.

A member of TÜSİAD, TEGEV, KalDer, Turmepa, Fenerbahçe Sports Club and METU Alumni Association, Mr. Berkman is also a member of the Presidential Board of the Board of Trustees of the Istanbul Erkek Lisesi (High School) Education Foundation, a member of the Board of Trustees of the Turkish Education Foundation, and a member of the DEIK Turkish-American Business Council and Czechia Business Council.

Alize Dinçkök
Member of the Board of Directors and Member of the Executive Board

Born in İstanbul in 1983, Alize Dinçkök graduated from the Department of Business Administration and Economics at the Sawyer School of Management of Suffolk University in 2004. She attended Harvard Business School General Management Program and completed it successfully. In 2018, she graduated from the Innovative Thinking Program at MIT Sloan School of Management. She started her career in 2005 as a Strategic Planning Expert at Ak-Al Tekstil Sanayi A.Ş. She joined Akiş Gayrimenkul Yatırımı A.Ş., when the Company was setup in 2005. Here she worked as Project Coordinator, Sales and Marketing Manager, and Assistant General Manager for Sales and Marketing respectively. Member of the Board of Directors and Executive Board Member of Akkök Holding A.Ş., Alize Dinçkök acts as Chairman of the Board of Directors of Akmerkez Lokantacılık, Ak-Pa, and also serves on the Board of Directors of various Akkök Group Companies. Alize Dinçkök also manages the Akkök Group Marketing Platform established in December 2015.

Özlem Ataünal
Member of the Board of Directors and Member of the Executive Board

She graduated from Üsküdar American High School in 1985 and Uludağ University, Department of Business Administration in 1989. Starting her career at Iktisat Bank, Ataünal held various positions from Branch Manager to Customer Relations Management at Körfezbank. She joined Akkök Group in 2000 as Budget and Finance Manager of Akenerji. In 2005, Ataünal was promoted to the position of CFO of Akkök Holding. In 2012, she was appointed as the Executive Committee Member in charge of Finance. In 2017, she became a member of the Board of Directors of Akkök Holding. She has assumed various responsibilities over the years and is currently the CFO of Akkök Holding, Executive Committee Member in charge of Strategy and Business Development and President of the Energy Group. In addition to being a Member of Akkök Holding's Board of Directors, Ms. Ataünal is the Chairman, Deputy Chairman and Member of the Board of Directors in various companies of the group, including publicly traded companies and companies with foreign partners. She has also been a member of TÜSİAD since 2013.

Mehmet Emin Çiftçi
Member of the Board of Directors and Member of the Executive Board

Mehmet Emin Çiftçi was born in Istanbul in 1987, and graduated from Istanbul Ticaret University Faculty of Business Administration. He started his professional life in the Department of Budget Planning and Reporting in Ak-Kim Kimya Sanayi ve Ticaret A.Ş, and completed his Business Administration education in UCLA Extension (UCLA). Mr. Mehmet Emin Çiftçi completed the MBA program at the Institute of Business at Özyeğin University in 2018. Mr. Mehmet Emin Çiftçi is a Member of the Executive Board of Akkök Holding as of 2020, as well as Akkök Holding Board Member. He also serves on the Boards of various Akkök Holding Companies.

Melis Çiftçi
Member of the Board of Directors

Born in 1978 in İstanbul, Melis Gürsoy graduated from Özel Işık High School in 1996 and continued her higher education in Boston, Massachusetts, where she received her degree in Business Administration from Mount Ida College in 2000. She started her business career at Ak-Pa Tekstil İhracat Pazarlama A.Ş. Melis Gürsoy performs duties on the Board of Directors of Akkök Holding.

Executive **Board**

Cengiz Taş(*)
Member of the Executive Board

İ. Gökşin Durusoy(*)
Member of the Executive Board

Onur Kipri(*)
Member of the Executive Board

Raif Ali Dinçkök
Executive Board Advisor and Chairman of the Board of Directors

Özlem Ataünal
Member of the Executive Board and Member of the Board of Directors

Alize Dinçkök
Member of the Executive Board and Member of the Board of Directors

Ahmet Cemal Dördüncü
Chief Executive Officer and Member of the Board of Directors

Mehmet Emin Çiftçi
Member of the Executive Board and Member of the Board of Directors

(*) Mr. Cengiz Taş serves as a Member of the Executive Board responsible for Aksa Akrilik Kimya Sanayii A.Ş. and its subsidiaries. Mr. İhsan Gökşin Durusoy serves as a Member of the Executive Board responsible for Akiş REIT and its subsidiaries, while Mr. Onur Kipri serves as a Member of the Executive Board responsible for Ak-Kim Kimya Sanayi ve Ticaret A.Ş. and its subsidiaries.

Akkök Holding Executive Board

Ahmet Cemal Dördüncü

Chief Executive Officer and Member of the Board of Directors

Born in Istanbul in 1953, Ahmet C. Dördüncü, graduated from Çukurova University, Department of Business Administration. Later, he pursued his postgraduate studies at Mannheim and Hannover Universities. Mr Dördüncü began his professional career at Claas OHG Company in Germany, and after returning to Turkey, he worked at Mercedes Benz A.Ş. between 1984 and 1987. He joined Sabancı Group in 1987, and assumed several positions at Kordsa A.Ş. until 1998. Mr. Dördüncü served as General Manager/President at DUSA South America, and later at DUSA North America in 1998. After working as Group President of Strategic Planning and Business Development at Sabancı Holding A.Ş. in 2004, he assumed the position of Chairman of the Executive Board of Sabancı Holding from 2005 to 2010. Mr. Ahmet Cemal Dördüncü, Chairman of the Executive Board of Akkök Holding since January 2013, also serves as the Chairman of Akenerji, Akcez and Akcoat, Deputy Chairman of Aksa Akrilik, Ak-Kim Kimya and Akiş REIT, and Member of the Board of Directors of various Akkök Holding Companies. Mr. Dördüncü is the Chairman of the United Nations Global Compact Turkey. He is also a Member of the Board of Directors in International Paper Co. companies. He speaks English, German and Portuguese.

Alize Dinçkök

Member of the Executive Board and Member of the Board of Directors

Born in İstanbul in 1983, Alize Dinçkök graduated from the Department of Business Administration and Economics at the Sawyer School of Management of Suffolk University in 2004. She attended Harvard Business School General Management Program and completed it successfully. In 2018, she graduated from the Innovative Thinking Program at MIT Sloan School of Management. She started her career in 2005 as a Strategic Planning Expert at Ak-Al Tekstil Sanayi A.Ş. She joined Akiş Gayrimenkul Yatırımı A.Ş., when the Company was setup in 2005. Here she worked as Project Coordinator, Sales and Marketing Manager, and Assistant General Manager for Sales and Marketing respectively. Member of the Board of Directors and Executive Board Member of Akkök Holding A.Ş., Alize Dinçkök acts as Chairman of the Board of Directors of Akmerkez Lokantacılık, Ak-Pa, and also serves on the Board of Directors of various Akkök Group Companies. Alize Dinçkök also manages the Akkök Group Marketing Platform established in December 2015.

Özlem Ataünal

Member of the Executive Board and Member of the Board of Directors

She graduated from Üsküdar American High School in 1985 and Uludağ University, Department of Business Administration in 1989. Starting her career at Iktisat Bank, Ataünal held various positions from Branch Manager to Customer Relations Management at Körfezbank. She joined Akkök Group in 2000 as Budget and Finance Manager of Akenerji. In 2005, Ataünal was promoted to the position of CFO of Akkök Holding. In 2012, she was appointed as the Executive Committee Member in charge of Finance. In 2017, she became a member of the Board of Directors of Akkök Holding. She has assumed various responsibilities over the years and is currently the CFO of Akkök Holding, Executive Committee Member in charge of Strategy and Business Development and President of the Energy Group. In addition to being a Member of Akkök Holding's Board of Directors, Ms. Ataünal is the Chairman, Deputy Chairman and Member of the Board of Directors in various companies of the group, including publicly traded companies and companies with foreign partners. She has also been a member of TÜSİAD since 2013.

Mehmet Emin Çiftçi

Member of the Executive Board and Member of the Board of Directors

Mehmet Emin Çiftçi was born in Istanbul in 1987, and graduated from Istanbul Ticaret University Faculty of Business Administration. He started his professional life in the Department of Budget Planning and Reporting in Ak-Kim Kimya Sanayi ve Ticaret A.Ş, and completed his Business Administration education in UCLA Extension (UCLA). Mr. Mehmet Emin Çiftçi completed the MBA program at the Institute of Business at Özyeğin University in 2018. Mr. Mehmet Emin Çiftçi is a Member of the Executive Board of Akkök Holding as of 2020, as well as Akkök Holding Board Member. He also serves on the Boards of various Akkök Holding Companies.

Cengiz Taş

Member of the Executive Board

Born in Bursa in 1966, Cengiz Taş graduated from the Industrial Engineering Department at Boğaziçi University in 1989. He began his career at Kordsa as an Investment Planning Engineer in 1989. He joined Akkök Holding Companies in 1991 as a Budget Expert at Ak-Al Tekstil Sanayii Anonim Şirketi and acted respectively as Budget Chief, Budget Manager, Production Coordinator, Assistant General Manager in Charge of Planning and as General Manager between 2004 and 2011. He has been the General Manager of Aksa Akrilik Kimya Sanayii A.Ş. since February 1, 2011. Mr. Cengiz Taş, who is a member of the Akkök Holding Executive Board, also serves on the Boards of the Akkök Group Companies. Mr. Taş has membership in various associations and con-tinues to serve as the Vice President of the Board of Directors of the Turkish Textile Industry Employers' Union. From June 2019 on, he is a Board Member of the Turkish Confederation of Employers' Unions. Mr. Taş is married with two children and speaks English and French.

İ. Gökşin Durusoy

Member of the Executive Board

Born in Denizli in 1964, İhsan Gökşin Durusoy received his master's degree in Industrial Engineering from Boğaziçi University in 1987 and started his career as Production Engineer in Arçelik. Working as Finance and IT Executive at Izmir Demir Çelik A.Ş. from 1988 to 1989, Durusoy joined Akkök Group in 1989 as Chief Budget Planner at Ak-Al Tekstil Sanayii A.Ş. Here, he later served first as Budget Planning Manager and then as Strategic Planning Director. In 2007, he became Assistant General Manager at Akiş REIT, which was founded with the aim of developing unique and large-scale real estate projects. Since 2009, Mr Durusoy has been serving as General Manager and Member of the Board of Directors at Akiş REIT, as well as serving on the Boards of Directors at various Akkök Holding companies.

Onur Kipri

Member of the Executive Board

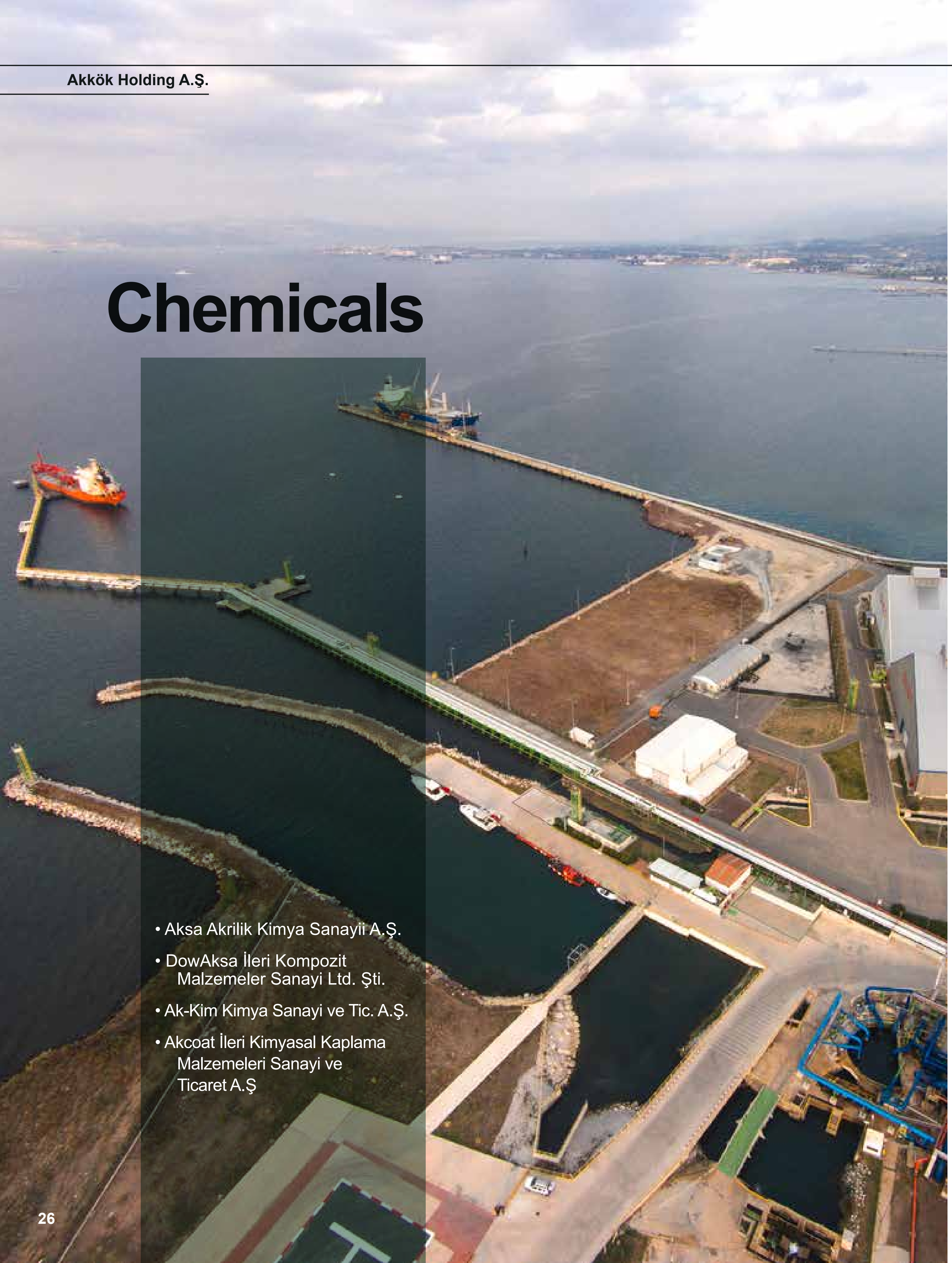
Born in Adana in 1964, Mr. Onur Kipri graduated from Boğaziçi University, Faculty of Business Administration. He started his career at Çukurova İthalat as a Sales Coordinator in 1986. Between 1988 and1989, he worked as the Metal Trade Department Manager at TASK Uluslararası Ticaret A.Ş. Between 1989 and 1990, he worked as MIS Project Coordinator & Import Fabric Purchasing Manager at Doğan Fabrics & Textile. From 1991 to 2013 he served at Organik Kimya as Sales Manager, Department Manager and Trade Director, respectively. He joined Ak-Kim Kimya as the General Manager in January 2014. He still continues this duty and besides being a Member of the Executive Board of Akkök Holding, he is a Member of the Board of Directors of Ak-Kim Kimya, Member of the Board of Directors of Akcoat and Chairman of the Board of Dinox.

Raif Ali Dinçkök

Executive Board Advisor and Chairman of the Board of Directors

Born in Istanbul in 1971, Raif Ali Dinçkök graduated from Boston University (USA), Department of Business Administration in 1993, and subsequently started working at Akkök Holding. Mr. Raif Ali Dinçkök continued his career in the Purchasing Department of Ak-Al Tekstil San. A.Ş. between 1994 and 2000, and later served as Coordinator of Akenerji Elektrik Üretim A.Ş. from 2000 to 2003. Prior to his current position as the Chairman of the Board of Directors at Akkök Holding A.Ş., he served as a Member of the Board of Directors and Vice Chairman of the Executive Committee at Akkök Holding A.Ş. Since January 1, 2019, Mr. Raif Ali Dinçkök has served as the Chairman of the Board of Aksa Akrilik, Ak-Kim, Akiş REIT and Akmerkez REIT, as well as a Member of the Board of Directors in other companies within Akkök Holding. He also works as Akkök Holding Executive Board Advisor.

Chemicals



- Aksa Akrilik Kimya Sanayii A.Ş.
- DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şti.
- Ak-Kim Kimya Sanayi ve Tic. A.Ş.
- Akcoat İleri Kimyasal Kaplama Malzemeleri Sanayi ve Ticaret A.Ş

AKSA

Cengiz Taş
Member of the Board of Directors - General Manager

"Our market capitalization, which was TL 2.3 billion in 2019, rose by 104% in 2020 and reached TL 4.7 billion. At the same time, our profit before interest, tax and depreciation grew by 60% to TL 919 million."

Aksa Akrilik Kimya Sanayii A.Ş.

Founded in 1968 in Yalova to meet the needs of acrylic fiber of Turkey, Aksa Acrylic began production in 1971 with a capacity of 5,000 tons/year. With the vision of investing in technology in order to maximize operational excellence and creating sustainable, profitable, new areas of use for acrylic fiber, Aksa today is a world giant with 300 customers in more than 50 countries on 5 continents with its new technology and modernization investments undertaken over the years. With 1,200 employees, a production area of 502,000 square meters and annual capacity of 330,000 tons, it is the largest acrylic fiber producer in the world and the sole producer in Turkey.

Along with its success in production, Aksa is also a leader with implemented management systems, environmental practices and social responsibility projects, and thanks to its extensive product range it supplies textiles and technical textile raw materials to various industries. Aksa, which expands its new and special product portfolio with its 50 years of experience and customer-oriented approach every year, started to produce outdoor fibers in 2001 apart from textile fibers and advances its claim in technical fibers with its flock tow, homopolymer and filament yarn products. In 2009, after improving its technology infrastructure, Aksa commenced production of carbon fiber, which is considered one of the most vital raw materials of the 21st century.

In 2020, Aksa Akrilik preserved its score of 9.72 among the 52 companies included in the Borsa Istanbul Management Index, reinforcing its place among the most institutionalized companies in Turkey.

Aksa Akrilik, which has implemented all its activities with the principle of efficient use of resources and respecting the environment since its establishment, is included in the BIST Sustainability Index, which includes 58 companies. Aksa formed its medium and long term strategy in line with global trends and sustainable growth principles. With this index, Aksa manifests its approach to important issues such as global warming, health, employment and water resources for the world and for Turkey.

Aksa Akrilik continues its efforts to create new business areas and develop new products for acrylic fiber with its unique technology knowledge through its R&D activities.

The antimicrobial fiber "Everfresh" brand was launched. The Everfresh brand has started to be displayed in the final products in Dagi and LC Waikiki stores in cooperation with retailers. In the context of the strategy of entering new markets, products have been developed in the shirt and casual wear fields that were not previously included. For the first time, our acrylic fiber brand Acrycycle has been included in the Textile Exchange Preferred Material List. Within the scope of the audits carried out by the INDITEX Group for the development of "Sustainable Supply Chain", Aksa received a passing grade and Acrylic Fiber was added to the range of sustainable products. Social media accounts have been activated for our three brands and communication has been initiated. In 2021, our efforts will continue relentlessly to expand the awareness of our brands in the supply chain and to trigger the demand from the end user. We plan to raise the share of our value-added products in our sales every year. These products are extremely vital for the sustainability of our Company, and which are suitable for end-user demand trends.

Due to the pandemic effects on the outdoor fibers under the Acrysole brand, a sharp contraction in demand was experienced with the closure of the facilities during the March-June period. However, travel and social life restrictions have changed consumer shopping habits, and demand has picked-up, especially in the upholstery and maritime industry. One of the key factors contributing to these rises is that the perception of outdoor products has turned into a performance product and this change has also raised sales in the indoor upholstery sectors.

Although our filament product, which serves under the Acrylusion brand, has taken its place in online sales in the carpet sector in the chain stores of the American carpet sector, the targeted promotional activities could not be realized due to the pandemic. However, the product has caught the eye of other major distribution channels and new collections are now under study. With different collections such as machine carpets and hand-woven carpets, it is expected to make its position in the market clearer by being mentioned in the catalogs of chain brands in the first half of 2021.

Our flame-retardant modacrylic product, which we serve under the Armora brand, has started to be used in America, Europe and the Far East in both upholstery and protective clothing areas. Although the promotions planned for 2020 could not be realized due to the pandemic, our customers completed the preparations for the new collection in this process. This collection is aimed to be introduced in the market in 2021.

With our partner in our synthetic hair product, which we serve under the brand name Acrybella, we are strengthening our position with product development studies in the African market and steps are taken towards raising demand.

Douglas G. Parks
Chief Executive Officer and General Manager of Turkey

"DowAksa plans to grow rapidly to meet the growing demands of the rapidly developing Wind Energy and New Generation Automotive sectors."

DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şti.

DowAksa, Turkey's first and only and one of the world's leading carbon fiber manufacturers, provides carbon fiber composite solutions to various industries, in particular the energy, transportation, defense and infrastructure sectors. The company was founded in 2012 by two world giants, Dow Chemical Company and Aksa Akrilik San. A.Ş. as a 50/50 joint venture. DowAksa has combined the knowledge, experience and strength of Aksa, the world leader in acrylic fiber, and Dow, a pioneer in materials science. DowAksa is one of the few fully integrated solution manufacturers in the industry with its product range from precursor to carbon fiber, from carbon fiber to resin, engineering solutions, technology and know-how. The company's world-class production facility, equipped with advanced technology, provides service in Yalova with more than 450 employees.

Carbon fiber is a strategic product with high added value that provides innovative solutions to the most critical problems facing the world, such as increasing the energy production of wind turbines, reducing fuel consumption in automobiles, and extending the life of infrastructure and structures by strengthening them. Some of the solutions DowAksa exports to many countries in the world and produce to raise Turkey's competitiveness are as follows: Polyurethane-based pultruded profiles for new generation wind turbine blades, fast-acting (<3 min) resin-based EMC with superior leading properties for automotive mass production, lightning protection solutions and adhesive films used in the defense and aerospace industries, a wide range of fabric options (UD, Woven, NCF) produced in the ISO9001: 2015 and AS9100D certified prepreg production facility in Yalova, different reinforcement solutions (carbon fiber, e-glass fiber, s-glass fiber, silica, quartz, copper) and DowAksa's building reinforcement solution CarbonWrap®, which stands out as a cost-effective and innovative solution to recycle the world's infrastructure.

Despite the pandemic in 2020, DowAksa continued to provide economic support to Turkey and Yalova in this difficult period by continuing to work, produce and export uninterruptedly, and by completing the previously planned investments.

As the only producer of this unique material in Turkey and the Middle East, DowAksa continuously exports to 7 more countries in addition to the European Union countries. Up to 80% of the company's turnover comes from exports. According to data of the Turkish Exporters' Assembly (TIM), DowAksa, which was among the "Top 1000 Exporters of Turkey" in 2019, surpassed 400 companies in just one year and rose from the 974th place to the 539th place.

In the past 3 years, DowAksa has developed an 'innovative' carbon fiber and carbon fiber reinforced polyurethane resin plate production technology, which is both price advantageous and more advanced in terms of performance. This product has brought along a very high demand from international customers. In order to meet this demand, DowAksa will accelerate its investments to expand its capacity in 2021.

Onur Kipri
Member of the Board of Directors - General Manager

"At Ak-Kim Kimya, we successfully completed 2020 despite the pandemic and the uncertainty it created. As one of the leading companies in the chemical industry, we will continue to grow in local and global markets and add value to life with chemistry in 2021 as well with our innovative and entrepreneurial spirit."

Ak-Kim Kimya Sanayi ve Ticaret A.Ş.

Ak-Kim, Turkey's leading chemicals manufacturer, was established in Yalova in 1977 and has expanded its production activities in various fields over the past 43 years. Akkim serves its customers on six continents with a wide range of products including chloralkali and its derivatives, hydrogen peroxide and sodium percarbonate, methylamines, persulfates, bisulfites, textile auxiliaries, paper and water treatment chemicals, construction chemicals and plastic additives. Akkim has a special place in the chemical industry with its structure, which has close to 1,000 personnel together with its affiliates and produces at a capacity of 800,000 tons in 6 different locations.

The company, which is the market leader in many products in basic chemicals and performance chemicals, provides strategic products to cleaning, hygiene, chemistry, textile, paper, water treatment, food, medicine, pesticide, energy, building, metal, mining and plastic industries.

It continues its efforts to develop innovative products and solutions for existing markets and new target markets with 36 researchers working in the R&D Center established in 2013.

Since 2002, the Company has been selling some know-how and technologies to companies abroad and offers many different services from engineering studies to turnkey commitments.

Using its synergy in the water treatment sector, Akkim entered the advanced technology treatment sector with the investment of ultrafiltration membrane module at the Yalova Plant. The Company raised the capacity of Ammonium, Potassium and Sodium Persulfate products to 17,000 tons in total in the Yalova plant in 2016-2017. In 2018, it has made a new and modern Performance Chemicals facility investment and reached a capacity of 130,000 tons. Organic growth plans continue with new facility investments at the Yalova facility.

The company also attached importance to inorganic growth opportunities in its development strategy. Akkim incorporated Gizem Frit, one of the world's largest enamel and ceramic frit manufacturers in 2015 and entered new markets. Company purchases continued in 2017. Akkim has incorporated Dinox, a chemical sales and marketing company in Germany, to be close to its customers in the European market and to expand its export activities. In 2017, Feralco shares at Akferal company were purchased and water treatment chemicals activities in this structure were incorporated into Akkim. In the same year, Gizem Frit, a subsidiary of Akkim, made a significant integration investment by purchasing Megacolor, which produces ceramic printing inks in Spain. Gizem Frit completed the registration process as of 31.08.2020 and changed its title to Akcoat İleri Kimyasal Kaplama Malzemeleri San. ve Tic. A.Ş.

Studies on inorganic growth opportunities continued and some strategic acquisition opportunities were identified in Turkey. The acquisition process is targeted to be completed in 2021.

Veysi Küçük
Member of the Board of Directors - General Manager

"Entering a very comprehensive corporate identity transformation process, Akcoat has gathered its enriched production activities in its journey that started with frit production under a single global brand identity. It will continue this transformation without slowing down in 2021 with its innovation focus in different disciplines."

Akcoat İleri Kimyasal Kaplama Malzemeleri Sanayi ve Ticaret A.Ş

Akcoat, which has achieved many national and international successes under the name Gizemfrit until last year, has left behind a very critical turning point in 2020. Akcoat has entered a very comprehensive corporate identity transformation process which has not been seen in another example in the B2B field recently. It has successfully completed this transformation and announced its new name and logo. Thus, its production activities, which diversified and enriched in its journey that started with frit production, gained a single global brand identity.

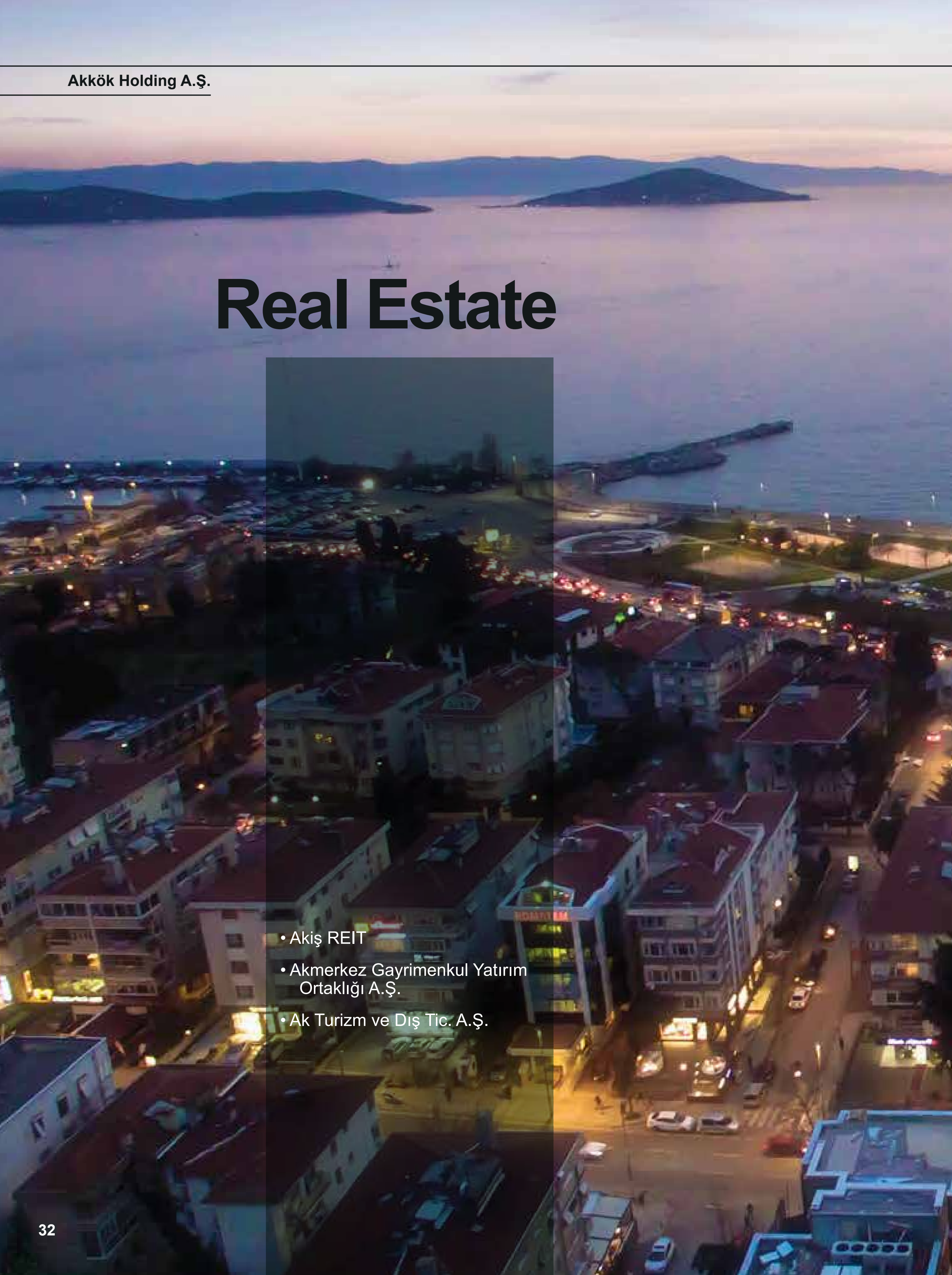
On the other hand, 2020 has been a very productive year for Akcoat. By the end of the year, despite the challenging conditions of the pandemic and the global crisis, an increase of up to 10% in net sales and a 17% rise in EBITDA were recorded. In this process, all necessary health measures were applied for the employees and the production was never interrupted. In this way, Akcoat, which has an annual production capacity of 142,000 tons, has made a significant contribution to the country's economy and employment by continuing its activities without interruption.

In the R&D center, 14 patent applications and 65 project studies were carried out throughout the year. 6 of these projects were deemed worthy of support within the scope of TÜBİTAK. In this way, which it set out with the aim of becoming the world's leading brand in its field, it is entering 2021 with a very strong global investment, taking the momentum achieved in 2020 behind it. In this context, it is planned to put the new R&D building into operation in order to become one of the largest R&D campuses in the sector.

With the innovation focus in different disciplines, we will continue to carry out new projects more efficiently and effectively without slowing the pace. Vital projects such as the "BİLİN" application that will digitize Human Resources, which was started in 2020, the "Automatic Weighing System" that will provide advanced monitoring of the production monitoring system, as well as the integration of production processes with Oracle and the installation of an automation system in production facilities, will be completed within 2 years.

In addition, we aim to standardize the customer management system for all our brands through a single platform, to establish an "Energy Monitoring System" and to complete the artificial intelligence integration of this system, as well as to create unmanned reporting systems.

The plan is to manage all automation processes from a single center with the growth in digital solutions with the support of artificial intelligence in processes such as quality control, accounting and purchasing, which will be launched this year, the establishment of SCADA systems in the facilities and the transition to the "Distributed Control System". By starting all of these and similar innovative projects this year, Akcoat will provide added value to its institutions and stakeholders in the coming period.



Real Estate

- Akiş REIT
- Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.
- Ak Turizm ve Dış Tic. A.Ş.

İ. Gökşin Durusoy
Member of the Board of Directors - General Manager

"In addition to being a participant in the UN Global Compact, the world's largest corporate sustainability initiative, Akiş REIT published its first sustainability report in 2020."

Akiş REIT

Established within the structure of Akkök Group in 2005, Akiş REIT aims to apply the experience and expertise it has accumulated in the real estate sector, which Akkök Group positioned among their strategic business areas, in various projects.

Akiş REIT assumed the title of Real Estate Investment Trust on May 18, 2012 upon application to the Capital Markets Board. Subsequently Akiş REIT was listed on Borsa Istanbul on January 9, 2013. Akiş REIT aims to carry out projects that standout for their quality in the real estate sector, with the motto "Happiness lies at the heart of everything we do".

Following its significant achievement with Akbatı Shopping Mall opened in 2011, Akiş REIT signed off on another major project upon the completion of Akasya in 2014, in which it holds shares. In 2016, Akiş REIT started the merger process with SAF REIT, and as a result, consolidated its position in the real estate sector. The value that Akbatı and Akasya Shopping Centers add to the real estate sector is also appreciated with the awards they receive every year in the country and abroad. Akbatı has maintained its outstanding success and won a total of 95 awards in nine years. Akasya secured a total of 98 awards in 6 years.

With its high rental income and strong portfolio, Akiş REIT maintains its leading position in the real estate sector.

As a first among real estate investment companies in Turkey, Akiş REİT has headad towards the high street retail operations as an alternative approach to the shopping center investments. To this end, with the completion of the projects located on Bağdat Steet, we will have diversified our qualified and high rental income portfolio. Akiş REIT made its first cooperation in street retailing with Beymen for the Uşaklıgil Apartment, and signed a contract with Boyner for the second, as announced to the public at the beginning of 2021.

In 2020, when the pandemic prevailed, Akiş REIT's priority was to create the highest level of health and hygiene conditions in operational real estates in its portfolio and to be a place and service provider where all stakeholders would feel safe. The efforts made have helped to foster the maximum efficiency from the real estate assets even in this difficult period. On the other hand, efforts have been continued to ensure that the investments, whose construction processes have somewhat slowed down but still in progress despite the pandemic, will become income-generating as soon as possible. With the issuance of financing bills at the beginning of 2020, this year was also a year in which capital markets were used in terms of resource diversity. On the other hand, as a result of the negotiations with the main creditors, the maturity of the financial debts was extended and the average debt maturity was raised significantly.

Akiş REIT attaches importance to the success and corporate culture of Akkök Holding. It increased its Corporate Governance Rating to 9.63 as of the end of 2020. With this rating, it continued to maintain its position as the company with the highest Corporate Governance Rating among real estate investment trusts and construction companies.

In addition to being a participant in the UN Global Compact, the world's largest corporate sustainability initiative, Akiş REIT published its first sustainability report in 2020.

Akbatı and Akasya, whose sustainable practices have been certified as a result of the evaluation of criteria such as the correct use of resources, indoor environment and the importance given to health, has the "Excellent" certificate within the scope of BREEAM in use-International.

Akiş REIT also contributes to operational and financial sustainability by integrating the near future into its business models. This Is achieved by investing in new technologies and companies within the scope of the 'Innovate21st Investment and Acceleration Program' for startups that offer digital solutions in the retail field, of which it is one of the supporters.

With successful projects shaping and creating trends at the right time and location, Akiş REIT quickly became one of the leading actors in the sector, and will continue to implement projects that stand out in the real estate sector by closely observing sectorial trends, and also socioeconomic developments.

Murat Kayman
General Manager

"As the Akmerkez family, we successfully left behind a difficult year by maintaining our profitability at appropriate levels. We believe that 2021 will be a more positive year. By keeping the options for our visitors at high levels, we will continue to incorporate key brands in the sector in 2021 as well."

Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.

Akmerkez, which has been investing in the future since its opening in 1993 and is a leader in creating new values, has become an address of pleasant experiences and one of the city's favorite meeting points, with its distinguished brands, shopping, entertainment and food and beverage areas. Adding dynamism to the social life of the city, Akmerkez continues to add value to the lives of its guests with services such as the Triangle Terrace, the functions of which have been expanded day by day, and THY Miniport, click & collect, shopping delivery, cloakroom and left luggage provided by Easy Point.

Akmerkez enriched the shopping experience of its guests by incorporating many brands from various sectors in 2020. It also expanded its customer base by including more accessible brands. Continuing to host projects realized for the first time in Turkey, it carried out effective works in the first quarter of the year with its activities that became traditional.

During the period when the shopping center was closed due to Covid-19, it continued its social media communication with entertaining and informative content in line with the 'Stay at Home' strategy. As of June 1, when it was reopened, it provided safe and clean shopping opportunities to its guests with the intense and elaborate hygiene measures taken. Carrying out all the necessary hygiene activities and routine disinfection processes with the slogan of 'Have Peace of Mind at Akmerkez', Akmerkez has also created an opportunity that is not available in other shopping centers with its ventilation systems that provide 100% fresh air to all common areas and inside the stores.

Akmerkez was awarded the "TSE Covid-19 Safe Service Certificate" by meeting the criteria set by the Turkish Standards Institute (TSE). In addition to these, it has enhanced the customer experience with contactless digital applications such as 'contactless parking payment with BKM Express' and Mobile Kiosk.

Akmerkez started sustainable local agriculture on a 750 m2 area on the roof of a shopping mall, for the first time in Turkey, with the "Agriculture on the Terrace Project". In 2020, Akmerkez hosted guests who want to learn about urban agriculture and gain experience in sustainable production with its volunteer program, 2 days a week at its terrace garden. It gave lectures to Özyeğin University Gastronomy and Le Cordon Bleu certificate students on the Terrace Farming model. Valuable names from the food, media, agriculture and education sectors were invited to the Terrace Agriculture area with special events organized in accordance with social distancing in September and October. Many influencers, food entrepreneurs and corporate executives have gained working experience in the field. The project was published as news in many magazines, newspapers and social media, including on NTV special news.

It offered its guests options for healthy living with shopping events such as İpek Hanım Farm and Boutique Taste Days, which include healthy, local and natural products and host boutique brands.

With the Mother and Child Meeting Center, which was established in the former YLZ area and hosts mother-child events 7 days a week, Akmerkez offered both parents and children a place for entertainment, rest and to socialize throughout the year.

Akmerkez will continue to progress in line with the goals of profitability and operational excellence in 2021 and to incorporate major brands in the sector.

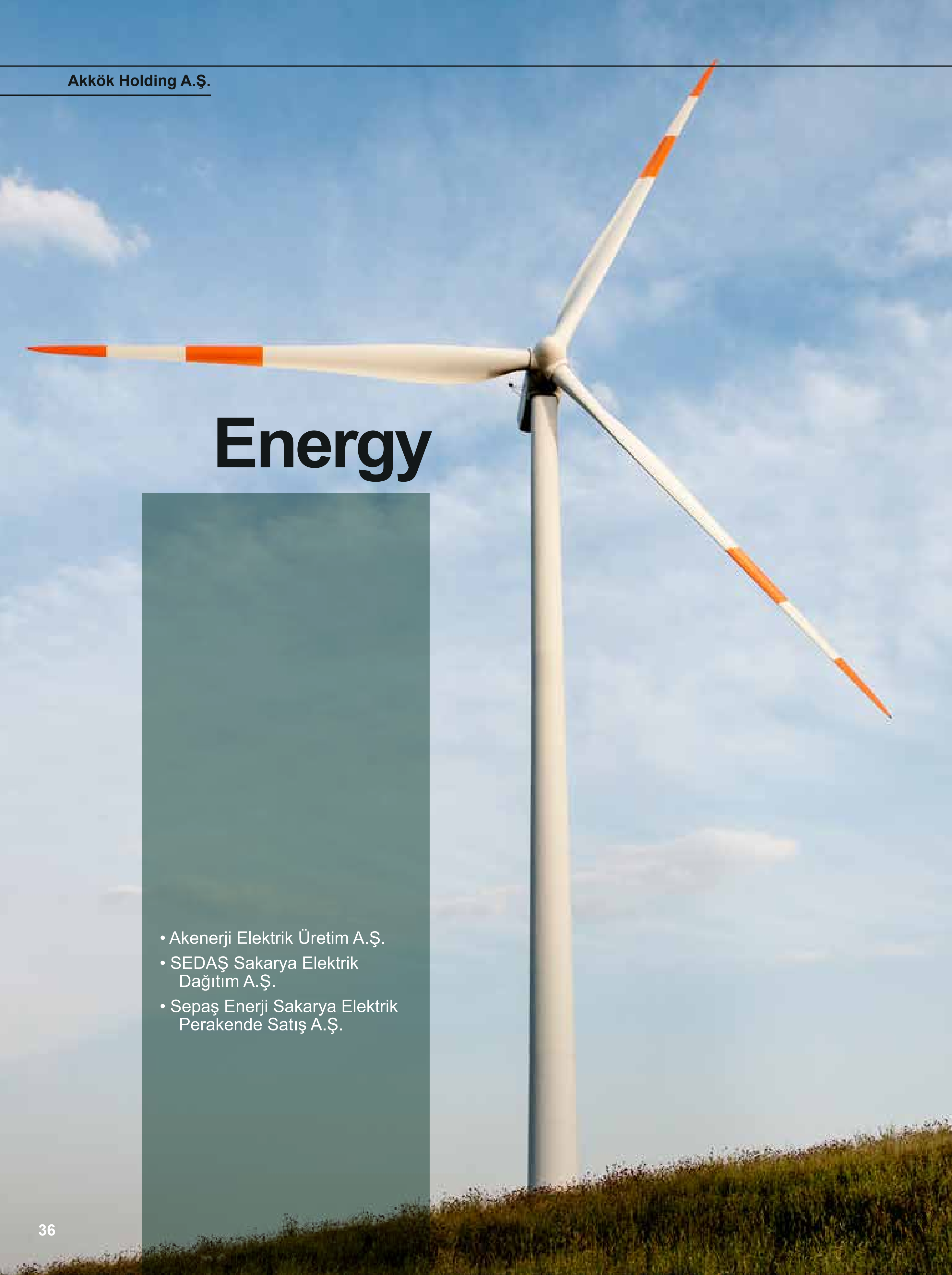
"Ak tourism plans to build a fully-fledged conference center and wellness center on kaşik island, which is just 40 minutes from the city."

Ak Turizm ve Dış Tic. A.Ş.

Akkök Holding started Ak Tourism for its tourism investments on Kaşık Island, which has a high investment value since it is conveniently located 40 minutes from city center. A fully equipped conference center and a health/lifestyle center are planned on Kaşık Island with an awareness to preserve the natural environment of the island. The project will offer urban dwellers cultural and touristic itineraries away from the city's chaos.

Kaşık Island offers rich investment opportunities by being close to the city center and yet presents an opportunity to escape from the hubbub, noise pollution and heavy traffic. The idea for the creation of a fully equipped conference center and a health/lifestyle center has been a top priority.

When evaluating its investment decisions, a primary issue for Ak Turizm has been the desire to preserve the natural environment of Kaşık Island. With this goal in mind, only 7.600 m^2 of the total 52 thousand m^2 site have been allotted for construction.



Energy

- Akenerji Elektrik Üretim A.Ş.
- SEDAŞ Sakarya Elektrik Dağıtım A.Ş.
- Sepaş Enerji Sakarya Elektrik Perakende Satış A.Ş.

Serhan Gençer
Member of the Board of Directors - General Manager

"Akenerji was deemed worthy of 6 separate awards in the fields of social responsibility and HR in 2020 as well."

Akenerji Elektrik Üretim A.Ş.

Having commenced operations in 1989 as an auto-producer group under the umbrella of the Akkök Group of Companies, Akenerji has been operating as an independent electricity generation company since 2005.

Akenerji, the 50/50 joint venture between Akkök Holding, and Europe's leading power company, the CEZ Group, has the sole capacity to meet 3% of Turkey's power need, with its total installed power of 1,224 MW as of 2017 year-end. Focusing on renewable energy resource investments in 2005 to create variety in resources and cost advantages, Akenerji has expanded the number of alternative energy resource power plants through various projects over the years.

At Akenerji, we produced 4,693,273 MWh of electricity in 2020 with our balanced, efficient and environmentally friendly portfolio. We have reached an installed capacity of 1,224 MW as a result of the investments we have made, taking into account the responsibility of the importance of renewable energy sources against climate change and Turkey's long-term energy policy. We continued to maintain our competitive position in 2020 with our flexible portfolio structure that adapts quickly to market conditions.

We started to feel the effects of the pandemic towards the end of the first quarter of 2020. Despite the negative effects of this on the whole country and the energy sector, we succeeded in reaching a turnover of TL 2.2 billion, EBITDA of TL 409 million and asset size of TL 6.7 billion by the end of 2020 as a result of our balanced generation portfolio, proactive approach and high-level measures we have implemented in our power plants from the first day.

At Akenerji, we continued to expand our trade volume in foreign electricity markets this year as well. In 2020, the volume of commercial transactions carried out in markets outside Turkey grew 2.5 times compared to the previous year and reached a record level of above 550 GWh.

We continued our efforts on Environmental Sustainability in 2020 as well. Our CDP (Carbon Disclosure Project) Climate Change and CDP Water report was scored at the B- "Management" level above C, which is the European and Global Average.

As of the end of 2020, all our power plants were entitled to receive the Basic Level Zero Waste Certificate by the Ministry of the Environment and Urbanization.

With the 570,000 tons of emission reduction certificates we sold in 2020, we contributed to nature an equivalent to what 550,000 trees would do.

Akenerji has proven the added value it foresees with its "Energy Services", which it started as an innovative step in the energy sector in 2015, thanks to the projects it has realized. This year as well, it has shown that it will move forward with fast, innovative and competitive steps in this field.

Akenerji's social responsibility project "Akenerji Stands by Women", carried out by Akenerji in Adana's Feke District, which was also awarded in various fields in 2020, received the Best Social Responsibility award at the 3rd Energy and Natural Resources Summit of Turkey.

Thanks to its human resources efforts to combat the coronavirus pandemic, Akenerji succeeded in winning the bronze award in the "Most Valuable HR Team" category and a silver award in the "Most Valuable Employer" category at "The Stevie Awards for Great Employers".

At the Stevie Awards 2020, held for the first time in the MENA region, we were deemed worthy of a bronze award in the categories of "Innovation in Human Resources Management, Planning and Application" and "Innovation in Life, Learning and Working Environment" with our Power Plant Operation and Management Course project. In addition, with our Employer Value Proposition Project, we received the bronze award in the category of "Innovation in Life, Learning and Work Environment".

In 2020 too, we were in the Fortune 500, ISO 500 and Capital 500 lists. We rose to the first place in the list of "Companies with Rising Profit Before Interest and Tax", which lists the fastest growing companies in Fortune 500.

sedaş

Dr. Necmi Odyakmaz
Chief Executive Officer

"While performing the electricity distribution activity, which is of vital importance in the energy sector, we are working hard to keep the dynamism of both our stakeholders and our employees high. While shaping our operational business according to the priorities of the digital age, we continue to add our vitality to every moment of life by renewing and developing every day in order to fully fulfill our responsibilities towards the whole world and society by focusing on sustainability."

SEDAŞ Sakarya Elektrik Dağıtım A.Ş.

AKCEZ Enerji Yatırımları Sanayi ve Ticaret A.Ş. was established with a consortium of Akkök Holding, one of the leading companies in Turkey, and CEZ a.s., one of the leading energy companies in Europe. Sakarya Elektrik Dağıtım A.Ş. , incorporated in AKCEZ, is responsible for the electrical energy distribution activities in the provinces of Sakarya, Kocaeli, Bolu and Düzce in the Eastern Marmara region.

SEDAŞ provides electricity distribution services to a population of 3.7 million and 1.9 million consumers in its 5 regional directorates in Sakarya, Kocaeli, Bolu, Düzce and Gebze and a total of 21 operation centers affiliated to these regional directorates in its 20,000 km2 area of operation. The total installed power of SEDAŞ is 3,775 MVA, and its peak power is 1,769 MW.

SEDAŞ carries out the electricity network investments, operation and maintenance activities of the electricity grid in order to continue the electricity distribution business, which is its main activity, in an uninterrupted and sustainable manner. In addition to these services, it offers counter reading and meter calibration services at the points of general lighting and energy consumption, combating technical and non-technical losses. Maintaining its corporate development uninterruptedly thanks to its solid partnership structure, the Company adds high value to its operating area with its loss/theft ratio, which is well below the sector average, and its innovative and modern management approach in distribution activities.

With the vision of being an innovative and pioneering energy company that exceeds stakeholder expectations by focusing on life, it plays an important role in the energy sector with its qualified and experienced human resources consisting of 1611 employees for uninterrupted energy, as well as its technical infrastructure structured in the light of the latest technological developments.

SEDAŞ, which effectively uses the Call Center channel as well as the Customer Service Centers, with a service approach that focuses on the customer, keeps up with the times and diversifies its online communication channels day-by-day for fast and secure service in the digital world. It provides 24/7 accessible service to its customers with its WhatsApp line, SEDAŞ Mobile application and Web-chat services. The SEDAŞ Call Center, which received the Golden Headphones Award organized by Imi Conferences in 2019, successfully reflected its high-quality service approach in this field to the results with its 99.68% Accessibility Level, 99.31% Response Rate and 94.58% Service Level in 2020.

Aiming to implement innovative practices both in the energy sector and within the company, SEDAŞ has carried out many R&D projects so far, with its research and development activities being conducted effectively. Technologies such as artificial intelligence and augmented reality brought by the digital age are also used in R&D studies carried out in many areas from Occupational Health and Safety to smart grids.

Taking initiative in sustainability and social responsibility issues and displaying this approach in all its business processes, the Company is Involved in social, environmental and economic activities in line with its Sustainable Development Goals. Strengthening its commitment to sustainability with its Global Compact membership, the Company's future-oriented works within the scope of its sustainability goals continue to augment every year.

One of the most important steps is the signing of the United Nations "Women's Empowerment Principles" (WEPs), a commitment made by business leaders to create policies for gender equality, within the scope of the Gender Equality Project carried out under the name "Forget the Gender".

Reflecting its awareness of social responsibility in creating employment in its service region, SEDAŞ provided internship opportunities to energetic, dynamic and talented young people who will bring new perspectives with its professional internship program "Stargate", as well as university collaborations, and 7 young people who graduated from the program have the opportunity to work full-time in the engineering positions of the Company.

In addition, the Steptember Project is aimed to raise social awareness for children with cerebral palsy. Millions of steps taken during meter reading, which is one of our main activities, have been transformed into acts of kindness. The campaign contributed to raising awareness about cerebral palsy by ranking first in the leaderboard with more than 28 million steps taken during a month.

sepaş enerji

H. Çağrı Poyraz
Member of the Board of Directors - General Manager

"2020 was a test of endurance for us with all its challenges. Our technological infrastructure and the rapid actions we took for digitalization provided us with stability and we were able to emerge stronger. As we go digital, we also digitize our customers. At Sepaş Energy, we are pleased to contribute to the adoption of online usage habits."

Sepaş Enerji Sakarya Elektrik Perakende Satış A.Ş.

Sepaş Energy is the official electricity supplier of Bolu, Düzce, Kocaeli and Sakarya, authorized by EMRA, with the strategic partnership of Akkök Holding, one of the leading industrial groups in Turkey, and the CEZ Group, one of the largest energy companies in Europe. It provides electricity supply services to some 4 million people, including industry, health and public institutions all over Turkey. It continues its activities within the framework of the principles of superior quality, speed, trust, expertise and customer satisfaction, with the vision of being a nationally known company with its goal of maintaining the market leadership of its service regions, its innovative approach and value-added services.

In 2020, which was heavily under the influence of the pandemic, our activities continued at full speed and value-added services were offered to all stakeholders, especially customers. Electricity supply service was provided to 1,775,961 users, and 9,794 GWh of energy was sold. Campaigns were organized for the commercial segment, and the sales portfolio was diversified. Due to the pandemic, energy trade has been made and position management has been developed for eligible consumers, with priority given to minimizing the impact of unpredictable consumption fluctuations. In line with the energy purchase strategy in 2020, we continued to expand the diversity of resources by collaborating with different production and wholesale companies operating in the market.

Our 4th Implementation Period rationale report for 2021-2025 has been sent to EMRA.

In 2020, when digital transformation activities gained momentum, service-oriented activities were focused on, and new service channels were brought together with electricity users. With the effect of the pandemic, the "online transactions" service reached 350,000 users and doubled compared to 2019. The website, which plays an important role in Sepaş Enerji's digitalization strategy, has been positioned as an information channel and a 71% surge in the number of visitors has been observed. There was a 38% increase in the use of e-government integration from online platforms, and a 24% increase in call center usage rates compared to the previous year.

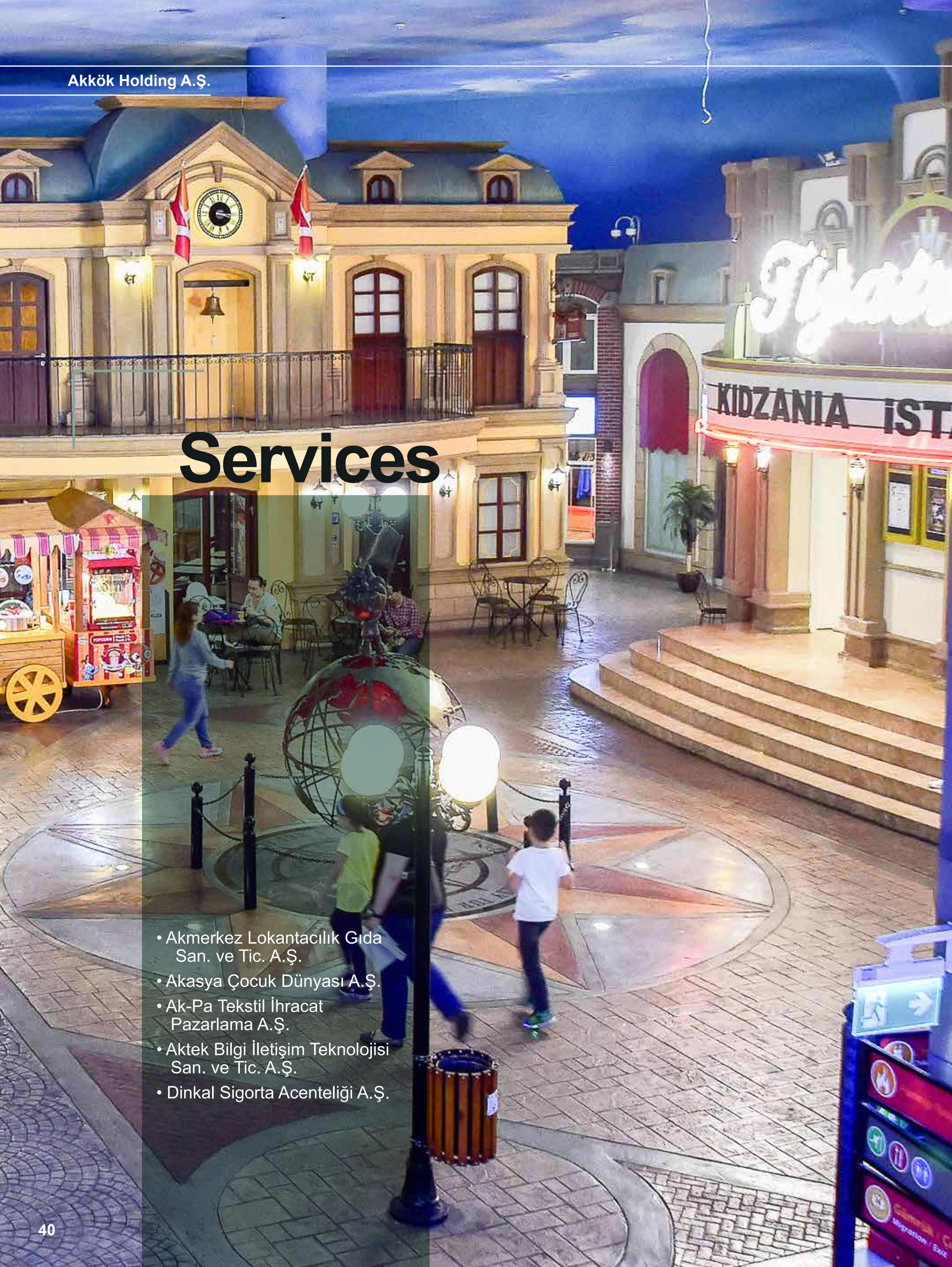
As part of efforts to improve customer experience, an instant satisfaction system, which measures customer satisfaction with the service they receive, is designed via text messages and the website. "Quick Service Points" are located in our customer service centers, where Sepaş Enerji customers can handle frequently used transactions such as subscription, invoice and information update without waiting in line, and where they can directly connect to the call center when needed. In addition, a new payment channel was created and tablets with mobile POS features were installed in customer service centers.

During the year, campaigns were launched to facilitate the bill payments of Sepaş Enerji customers, installments of up to nine months for bill debts and security fees to be paid during new subscription transactions, and an interest amnesty campaign to facilitate the payment of executive debts of previous years. The option to set the last payment date of invoices and change it at any time has been introduced. In order to contribute to the sustainability of nature through awareness-raising activities carried out throughout the year, thousands of customers were enabled to update their invoice delivery preferences via e-mail.

On the corporate side, new solutions continued to be developed for business partners, and within the scope of green energy studies, nearly 200 companies were mediated to receive the "Carbon Reduction Certificate". In addition to the monthly newsletter, which includes news about the sector, a special discounted electricity campaign was launched for consumers who receive electricity supply services from the commercial tariff. Sponsorship support was given to a national team canoe athlete, and energy saving was taught through experience at the Sepaş Energy Electricity Center in Kidzania, the Land of Children. Throughout the year, joint projects were carried out with various associations and foundations, and the Sepaş Energy Grove of 700 trees in the 7 Tree Forests was adopted through the ÇEKÜL Foundation.

Employee health has been prioritized during the pandemic period, and the highest level of measures have been implemented for employees and customers. In the survey, where Great Place To Work measured the approach of companies with respect their employees with the measures taken during the pandemic, 30% better results were obtained compared to the benchmark. 98% of the company employees stated that Sepaş Enerji puts human health first, and 96% stated that the pandemic was effectively managed within the organization and customer expectations were met. Sepaş Enerji was also ranked 85th in the Fortune 500 list, where Turkey's largest companies were announced, and 110th in the Capital 500 list.

In 2020, Customer Journey, Corporate Reputation, Customer Satisfaction and Employee Satisfaction Surveys were implemented, which greatly contributed to the uninterrupted and high-quality service provided by Sepaş Enerji, the relationship it maintains with its stakeholders from all segments of the society, and the creation of a strategic roadmap.



Services

- Akmerkez Lokantacılık Gıda San. ve Tic. A.Ş.
- Akasya Çocuk Dünyası A.Ş.
- Ak-Pa Tekstil İhracat Pazarlama A.Ş.
- Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.
- Dinkal Sigorta Acenteliği A.Ş.

Akmerkez Lokantacılık Gıda Sanayii ve Ticaret A.Ş.

"Paper moon istanbul is one of the world's top 70 pizza restaurants"

Paper Moon; a city classic that unites Italian flavors with comfort. Following Milano and New York, Paper Moon, a world-renowned Italian restaurant was opened in Istanbul Akmerkez in 1996. Since then it has been owned and managed by Akmerkez Lokantacılık. With its chic interior design, tranquil ambiance, meticulous service and savory cuisine, Paper Moon has become an Istanbul classic in a very short time.

Thanks to the diligent management and service quality of Akmerkez Lokantacılık, Paper Moon is today one of Istanbul's most select and prestigious names for fine dining. The restaurant is run by Italian chef Giuseppe Pressani.

Paper Moon is expanding its menu day by day with its distinguished atmosphere and unique tastes. The interior design and professional lighting, which is a reflection of luxury and simplicity, have been deemed worthy of prestigious awards during the years it serves. The restaurant received the "Interior Design" award by Restaurants and Institutions-New York in 1997 and the "Interior Lighting" award given by Lumens-New York in 1998.

Paper Moon Istanbul which soon became one of the prestigious brands of the Istanbul food and beverage industry and turned into a city classic, was awarded the "Diploma of Good Cuisine" prize in September 2019 issued by the "Accadimia Italiana Della Cucina" established for the development of cultural and trade relations in the areas of gastro-economy and gastro-tourism between Italy and Turkey. Paper Moon Executive Chef Giuseppe Pressani received the award on behalf of Paper Moon. In 2020, it took its place with 4 pearls in the 2020 'Pearl Gastronomy Guide' prepared with Turkey's first and only unique gastronomy rating system.

Ebru Timur
General Manager

"Over 1.5 million visitors that we host at KidZania, children's world, experience more than 120 professions and learn with fun. In an area of 10,000 square meters, children decide freely, learn to group work and lead, and meet concepts such as financial literacy. Children who come there with non-governmental organizations, with their parents, or with school visits achieve goals that can shape their future with their experience at KidZania. We offer a unique experiential marketing to Turkey's leading brands in social responsibility projects. We are a member of the UN Global Compact for a better world. We support the Global Compact and the Sustainable Development Goals."

Akasya Çocuk Dünyası A.Ş.

KidZania provides learning services while having fun in 20 countries and 27 cities. Akasya Çocuk Dünyası A.Ş., located in Akasya shopping mall owns the license of KidZania Istanbul and Turkey. In KidZania, which is one of the first practitioners of the concept of "edutainment" (education and entertainment) in the world, children acquire new skills and values and develop their abilities through the role-learning method. KidZania is the first country of children, founded in Mexico in 1999, with over 83 million visitors worldwide.

KidZania İstanbul

The 16th KidZania in the world, KidZania Istanbul was established in 2014 in Akasya on 10,000 m^2. More than 1.5 million visitors were hosted on this road, which aims to have a world where all children are happy and can learn while having fun. KidZania Istanbul is a very special city, a simulation of real life where children feel free, use their creativity, produce, collaborate and learn financial literacy. It supports the values of children such as responsibility, solidarity, harmony, self-confidence, awareness and tolerance.

Since the day it was founded, children between the ages of 0-14 have been learning about teamwork, being an individual in the society and being respectful while experiencing the professions. Turkey's top 33 brands add realism to this city managed by children. It is a real city with 67 different activity areas with its bank, hospital, supermarket, laboratory, theater, university, fire station, earthquake simulation center, stadium, streets, factories and square. The Institute of Behavioral Sciences confirmed that KidZania plays an important role in child development. Activity contents in KidZania Istanbul are prepared with the guidance of pedagogues, game experts and trainers according to the ages, interests and skills of the children. Like all KidZania cities in the world, KidZania Istanbul too was designed by Mexico as a disabled-friendly environment In line with the principle of "KidZania, Every Child Has The Right".

In KidZania Istanbul, where children stay for an average of 5 hours and participate in 8 activities, children over the age of 7 can spend time as they wish without their parents. Parents who wish, can entrust their children over the age of 5 years to KidZania with the KidZitter service (game sister and brother). Security is also of paramount Importance in KidZania. In KidZania Istanbul, both children and accompanying adult visitors wear RFID wristbands. Each RFID wristband is matched with the child and the adult and defined specifically to the system. The wristband cannot be transferred to other visitors and cannot be removed from the wrist for safety reasons.

With an average of 180 staff members, the entire KidZania Istanbul team is trained for emergencies. There is always an infirmary and a doctor on standby in the event an emergency arises. Since all the work done in accordance with the Personal Data Protection Law in the city has been completed, the personal data of all visitors, including photos and videos, are protected.

With its digital transformation project, KidZania Istanbul has developed workshops that families with children can do with simple materials by bringing learning while having fun at home. Useful, informative, technology-based and experience-oriented videos that are aimed at children aged 6-14 can be accessed from anywhere in Turkey with a computer, phone or tablet. The workshops in KidZania Digital, the online platform, are approved by Creative Parent, which is established to help parents, which includes academics, doctors and experts in the field of psychology. In workshops that are carefully prepared every week, children are introduced to the magic world of science, colorful works of art, smart inventions of upcycling, the fun experience of the game and the fragrant smell of delicious recipes. They reinforce the cause-and-effect relationship, creativity, responsibility, concentration, patience and problem-solving skills with workshops.

Pelin Irgaç
General Manager

"We are proud to be part of our Group exports with USD 308 million in 2020. We will continue to add sustainable value to our shareholders in line with our operational excellence mission."

Ak-Pa Tekstil İhracat Pazarlama A.Ş.

Ak-Pa was founded in 1976 to handle international marketing activities and export operations of Akkök Holding of Companies. Exporting to more than 90 countries on 6 continents, Ak-Pa's commercial activities started with textile products and expanded to intermediate the foreign trade of all group companies including chemical products.

In 2020, Ak-Pa reached an export figure of USD 308 million FOB by mediating the export operation of the group and continued to be among the leading export companies of Turkey. By sharing instantly the global and national changes experienced in 2020 with Group companies, it has been a pioneer in acting in compliance with the legislation and protection against possible risks.

With the effect of the pandemic, the closure of borders, etc. factors affected international trade to a great extent, and in this process, customer satisfaction was still maintained with interactive approaches and disruptions in operational processes were prevented.

The results of the customer satisfaction survey that we conducted across our Group companies in 2020 revealed an evaluation of 4.7/5 as an indicator of our understanding of operational excellence.

Implementing the Integrated Management System, Ak-Pa updated its ISO 9001: 2015 and ISO 27001: 2013 documents after the interim audit. By keeping up with the changing legislation, in 2018, the Company received the Authorized Economic Operator Certificate from the Ministry of Customs and Trade, which is provided to reliable companies to offer ease and privilege in their customs procedures. The validity of the document was renewed in 2020 by presenting its annual activity report. With the rights provided by this document, the export operations of the Group companies is accelerated by completing the customs procedures through the green line.

Ak-Pa was ranked 145th in the Fortune 500 list, which evaluates the companies with the highest performance in Turkey. It is ranked 184th in Capital Magazine's "Capital 500" research, which reveals Turkey's largest 500 companies. Ak-Pa ranked first in the sector in Textile and Raw Materials Exports in the "Turkey's Top 1000 Exporters 2019" research by the Turkish Exporters' Assembly, in which companies are ranked according to the total amount of exports realized in the previous year. Ak-Pa was awarded the 1st prize in the platinum category, which includes the best, at the "Leaders of Export Awards", where the export leaders contributing to the country's economy are determined by the Istanbul Textile and Raw Materials Exporters' Association. Ak-Pa won the first prize in the 'Paint, Varnish, Inks Exports' category at the 2019 İKMİB Stars of Export Award Ceremony organized by The Istanbul Chemicals and Products Exporters' Association. It also secured the 5th prize in the category of "Organic Chemicals".

Ak-Pa will continue to contribute to foreign trade with its rising performance in 2021.

Reha Çetin
Member of the Board of Directors - General Manager

"During the pandemic, we carried out all kinds of software and hardware solutions, services and operations of our Group companies in accordance with 24/7 support and digital business strategies. Thus, we have become their reliable digital business-solution partner in an extraordinary process where uninterrupted and unhindered secure remote work has become crucial for our internal and external customers."

Aktek Bilgi İletişim Teknolojisi San. ve Tic. A.Ş.

Aktek, which closely follows the developments in the field of Information Technologies and continues its R&D studies, aims at high standards in its services and produces end-to-end integrated applications and solutions that will keep the technological infrastructures of holding companies up to date.

During the Covid-19 pandemic, IT infrastructure services of all Akkök Group companies were maintained uninterruptedly, and with the IT infrastructure investments it made, it enabled its customers to work remotely with a high level of performance.

Throughout 2020, Teknograph bulletins showing sectoral innovations are published monthly for our in-group customers, in addition to the guiding leadership efforts in the development of projects that will contribute to the digital transformation of Akkök group companies and to increase their digital indexes.

Aktek continues its development activities for 3 Energy Market Regulatory Board (EPDK) supported projects simultaneously in 2020. The names of the projects whose development studies have started; Smart Door Access System that Can Control Occupational Safety in Substations Project, Occupational Health Early Warning System Project and Text-Based Intelligent (ChatBot) Response Project.

In addition to these activities, Aktek carried out manufacturer-independent RPA (Robotic Process Automation) applications for the digital transformation of business processes in all our customers in 2020.

Oracle R12 upgrade projects of BatıÇim and DowAksa companies were successfully put into use by remote working due to the pandemic conditions. In this way, it has successfully completed its studies for the digitalization and optimization of business processes.

It successfully carries out the second phase development studies of the "Aktek Chemical Industry-Specific Production, Management and Enterprise Resource Planning Software" product, which was successfully put into use at Akdeniz Chemson in 2019.

It completed the IT infrastructure of Istanbul Health and Technology University, which was newly established in 2020, in a very short time and provided all end-to-end system management services support.

It successfully completed the hardware and system installation services in the system infrastructure renewal project of the Kızılkaya Customs Consultancy.

The export of the product, which Aktek has developed specifically for the hotel and accommodation sector, has continued to grow.

"A variety of Corporate Business Applications for the Banabi business line" software was developed for Yemek Sepeti.

System management services support was provided to Sanal Mağaza.

Work has been done with the Taysad Group who has entrusted the infrastructure of its systems to Aktek.

Aktek has obtained 21% of its turnover in 2020 from projects it has done for non-group companies.

DİNKAL

Ercan Erbek
Member of the Board of Directors - General Manager

"From the first day we were founded, we have always been by your side in the most difficult days when you needed us. We will continue to be with you in the future with our advantageous services, expert team and all our corporate strength, which we currently provide to our customers, backed by the assurance of more than 25 insurance companies."

Dinkal Sigorta Acenteliği A.Ş.

Since its founding in 1976, Dinkal Sigorta Acenteliği A.Ş. has ranked among the preferred companies in the insurance sector, thanks to its exclusive services approach which successfully meets customer needs and expectations. The company, which has the potential to provide services in all areas of insurance, works with more than 25 insurance companies in the sector and provides alternative solutions for the needs of its customers, enabling them to gain a major advantage.

While Dinkal offers classic/individual segment insurance policies for individual customers such as health, automobile insurance, traffic, housing and natural disasters, Dinkal also provides engineering, logistics, profit loss, receivables (loan), executive responsibility, etc., which include comprehensive coverages for corporate customers. It is especially specialized in the construction, chemical and energy sectors, which are the main sectors of the group. Starting from the project phase of large power plants, it can offer special studies for the risks emanating from management as well, from local and foreign sources with alternatives.

As of the end of 2020, Dinkal, with 44 years of service, has turned the customer-focused service approach into a principle.

Dinkal decided to add a new area to the services offered to insurers, and launched sigortaküpü.com for the use of existing and potential customers in 2016, offering a fast, solution-oriented and extensive service range in the developing digital world. In 2018, the Company started to sell online and provided an alternative solution environment that will enable its customers to reach all the insurance solutions they need in a short time without wasting time. Existing and potential customers in this new digital platform can reach Dinkal's customer representative in a short process for all their insurance needs, view their policies through the policy book, make damages notifications, and submit their opinions and questions on any subject needed.

Textiles

• Aksa Egypt Acrylic Fiber Industry S.A.E.

Aksa Egypt Acrylic Fiber Industry S.A.E.

"Demand contractions experienced in the global acrylic fiber market in 2020, especially in the pandemic, also had an impact in Egypt and its surrounding markets."

Aksa Egypt is a subsidiary of Aksa with a 99.8% shareholding, which extends Aksa's operations in the entire North African region, particularly in Egypt. It has a capacity of about 15,000 tons. Aksa Egypt maintained its position as the most significant player in the Egyptian market with an average of 10,000 tons of sales and a turnover of up to USD 22 million in 2020. Demand contractions experienced in the global acrylic fiber market in 2020, especially in the pandemic, also had an impact in Egypt and its surrounding markets. The Egyptian money markets, which have been fluctuating in recent years, experienced positive developments in 2020 and as a result, it was observed that the local currency of Egypt gained some value.

AKKÖK Holding Anonim Şirketi

Consolidated Financial Statements At 31 December 2020 Together With Independent Auditor's Report

pwc

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Akkök Holding Anonim Şirketi

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Akkök Holding Anonim Şirketi (the "Company") and its subsidiaries (together the "Group") as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2019 were audited by another firm of auditors whose report dated 30 March 2020 expressed an unmodified opinion on those consolidated financial statements.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
BJK Plaza, Süleyman Seba Caddesi No:48 B Blok Kat:9 Akaretler Beşiktaş 34357 İstanbul-Turkey
T: +90 212 326 6060, F: +90 212 326 6050, www.pwc.com.tr Mersis Numaramız: 0-1460-0224-0500015

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Ediz Günsel, SMMM
Partner

Istanbul, 28 May 2021

Akkök Holding A.Ş.

Consolidated Statements of Financial Position at 31 December 2020 and 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Note references	Audited 31 December 2020	Audited 31 December 2019
ASSETS			
Cash and cash equivalents	5	1,684,093	1,356,525
Financial investments	6	581,592	474,935
Derivative financial instruments	22	24,115	17,126
Trade receivables		1,740,749	1,356,525
- Trade receivables from related parties	*8, 9*	*75,074*	*97,170*
- Trade receivables from third parties	*9*	*1,665,675*	*1,259,355*
Other receivables		13,461	19,066
- Other receivables from related parties	*8*	*2,700*	*15,292*
- Other receivables from third parties		*10,761*	*3,774*
Inventories	*10*	*1,414,336*	*1,423,812*
Prepaid expenses	*11*	*73,010*	*67,126*
Current income tax assets		*10,033*	*7,653*
Other current assets	*19*	*164,445*	*161,881*
Subtotal		**5,705,834**	**4,884,649**
Assets held for sale	20	170,787	1,431
Current assets		**5,876,621**	**4,886,080**
Trade receivables		101,637	130,570
- Trade receivables from third parties	*9*	*101,637*	*130,570*
Other receivables		17,516	14,196
- Other receivables from related parties	8	15,103	12,632
- Other receivables from third parties		2,413	1,564
Derivative financial instruments	22	2,028	9,597
Financial investments	6	73,405	12,223
Investments accounted using the equity method	7	948,331	735,700
Investment properties	12	5,444,391	5,550,758
Property, plant and equipment	13	2,199,815	1,993,977
Right of use asset	15	69,249	42,419
Intangible assets		284,508	277,419
- Goodwill	*16*	*58,200*	*57,213*
- Other intangible assets	*14*	*226,308*	*220,206*
Prepaid expenses	11	70,575	48,622
Deferred tax assets	30	47,255	15,687
Other non-current assets	19	3,150	7,588
Non-current assets		**9,261,860**	**8,838,756**
TOTAL ASSETS		**15,138,481**	**13,724,836**

The consolidated financial statements for period 1 January - 31 December 2020 were approved by the Board Directors on 16 March 2021.

The accompanying notes form an integral part of these consolidated financial statements.

Akkök Holding A.Ş.

Consolidated Statements of Financial Position at 31 December 2020 and 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Note references	Audited 31 December 2020	Audited 31 December 2019
LIABILITIES			
Short-term borrowings	21	1,653,451	2,195,828
Short-term portion of long-term borrowings	21	731,933	810,353
Derivative financial instruments	22	133,130	46,912
Trade payables		1,200,206	1,303,870
- Trade payables to related parties	*8, 9*	*82,283*	*62,845*
- Trade payables to third parties	*9*	*1,117,923*	*1,241,025*
Other payables		24,687	5,108
- Other payables to related parties	*8*	*8,562*	*-*
- Other payables to third parties		*16,125*	*5,108*
Payable regarding employee benefits	18	17,692	15,632
Deferred income	11	246,996	137,494
Current income tax liabilities	30	25,304	10,505
Short-term provisions		86,620	49,093
- Short-term provisions for employment benefits	*18*	*65,181*	*35,149*
- Other short-term provisions	*17*	*21,439*	*13,944*
Other short-term liabilities	19	519	10,654
Current liabilities		**4,120,538**	**4,585,449**
Long-term borrowings	*21*	*3,829,102*	*2,287,041*
Derivative financial instruments	*22*	*3,450*	*29,693*
Trade payables		*4,739*	*3,125*
- Trade payables to third parties	*9*	*4,739*	*3,125*
Other payables		2,252	7,881
- Other payables to third parties		*2,252*	*7,881*
Deferred income	11	2,925	5,483
Long-term provisions		70,590	56,592
- Long-term provisions for employment benefits	*18*	*70,590*	*56,592*
Deferred income tax liabilities	30	36,129	40,564
Other long-term liabilities	19	18,034	13,319
Non-current liabilities		**3,967,221**	**2,443,698**
TOTAL LIABILITIES		**8,087,759**	**7,029,147**

The accompanying notes form an integral part of these consolidated financial statements.

Akkök Holding A.Ş.

Consolidated Statements of Financial Position at 31 December 2020 and 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Note references	Audited 31 December 2020	Audited 31 December 2019
Equity attributable to equity holders of the parent			
Paid-in share capital	23	1,003,450	1,003,450
Adjustments to share capital	23	(10,406)	(10,406)
Total paid-in capital		**993,044**	**993,044**
Merger offsetting account		154,442	154,442
Repurchased shares		(8,650)	(20,154)
Premiums on shares		7,296	7,296
Other comprehensive income/expense to be reclassified to profit or loss			
- Change in fair value of financial assets		*4,668*	*4,304*
- Hedging reserves		*(77,356)*	*(39,395)*
- Currency translation differences		*180,071*	*135,013*
Other comprehensive income/expense not to be reclassified to profit or loss			
- Actuarial gain/loss arising from defined benefit plans		*(17,449)*	*(14,607)*
Restricted reserves		34,318	28,179
Retained earnings		784,772	535,616
Net profit for the year		444,960	365,826
Total equity attributable to equity holders of the parent		**2,500,116**	**2,149,564**
Non-controlling interests		**4,550,606**	**4,546,125**
TOTAL EQUITY		**7,050,722**	**6,695,689**
TOTAL EQUITY AND LIABILITIES		**15,138,481**	**13,724,836**

The accompanying notes form an integral part of these consolidated financial statements.

Akkök Holding A.Ş.

Consolidated Statements of Profit or Loss For the Years Ended 31 December 2020 and 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Note references	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
Revenue	24	6,179,380	5,603,688
Cost of sales (-)	24	(4,325,231)	(4,253,146)
Gross profit		**1,854,149**	**1,350,542**
General administrative expenses (-)	25	(208,104)	(156,348)
Marketing and selling expenses	25	(160,171)	(148,246)
Research and development expenses		(38,170)	(27,012)
Other operating income	26	690,074	351,217
Other operating expenses (-)	26	(647,265)	(281,639)
Operating profit		**1,490,513**	**1,088,514**
Income from investment activities	27	114,492	602,750
Expense from investment activities (-)	27	(166,937)	(9,884)
Profit or loss from investments accounted using the equity method	7	107,481	55,330
Operating profit before finance income and expense		**1,545,549**	**1,736,710**
Finance income	29	1,181,218	706,871
Finance expenses (-)	29	(2,059,915)	(1,253,100)
Profit before tax from continuing operations		**666,852**	**1,190,481**
Current income tax expense	30	(93,440)	(78,037)
Deferred tax income/(expense)	30	10,121	(4,737)
Net profit for the period		**583,533**	**1,107,707**
Profit for the period attributable to:			
Equity holders of the parent		444,960	365,826
Non-controlling interest		138,573	741,881
Net profit for the period		**583,533**	**1,107,707**

The accompanying notes form an integral part of these consolidated financial statements.

Akkök Holding A.Ş.

Consolidated Statements of Other Comprehensive Income For the Years Ended 31 December 2020 and 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Note references	Audited 31 December 2020	Audited 31 December 2019
Net profit for the period		**583,533**	**1,107,707**
Other comprehensive income:			
Items to be reclassified to profit or loss			
- Currency translation differences		32,483	13,535
- (Gain)/loss on cash flow hedge		(94,571)	(123,496)
- Gain/(loss) on cash flow hedge, tax effect	*30*	*25,377*	*14,438*
- (Gain)/loss on fair value of available-for-sale financial assets		383	2.943
- Gain/(loss) on fair value of available-for-sale financial assets, tax effect	*30*	*(19)*	*(210)*
- Gain/(loss) on currency translation differences from investments accounted using the equity method		85,147	39,257
Items not to be reclassified to profit or loss			
- Actuarial (gain)/loss arising from defined benefit plans		(7,353)	(11,904)
- Actuarial gain/(loss) arising from defined benefit plans, tax effect	*30*	*1,496*	*2,210*
- (Gain)/loss not to be classified from other comprehensive income to investments accounted using equity method		147	(5,709)
- Gain/(loss) not to be classified from other comprehensive income to investments accounted using equity method, tax effect		*(30)*	*1,137*
Total comprehensive income		**626,593**	**1,039,908**
Total comprehensive income attributable to:			
Equity holders of the parent		449,579	350,602
Non-controlling interest		177,014	689,306
Total comprehensive income		**626,593**	**1,039,908**

The accompanying notes form an integral part of these consolidated financial statements.

Akkök Holding A.Ş.

Consolidated Statements of Changes in Equity For the Years Ended 31 December 2020 and 2019

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Paid-in share capital	Adjusment to share capital	Items to be reclassified to profit or loss: Change in fair value of available for sale financial asset	Items to be reclassified to profit or loss: Currency translation differences	Hedging reserve	Items not to be reclassified to profit or loss: Actuarial loss arising from defined benefit plans	Restricted reserves	Premium on shares	Merger ofsetting account	Repurchased shares	Retained earnings	Net profit for the period	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at 1 January 2019	**1,003,450**	**(10,406)**	**493**	**114,778**	**(8,559)**	**(6,173)**	**19,188**	**-**	**154,442**	**(11,684)**	**349,795**	**203,192**	**1,808,516**	**4,081,323**	**5,889,839**
Transfers	-	-	-	-	-	-	8,991	-	-	-	194,201	(203,192)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(228,226)	(228,226)
Total comprehensive income	-	-	3,811	20,235	(30,836)	-	(8,434)	-	-	-	-	365,826	350,602	689,306	1,039,908
Impact of changes in the ownership of subsidiaries [***]	-	-	-	-	-	-	-	-	-	-	(6,729)	-	(6,729)	6,729	-
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(1,651)	-	(1,651)	(807)	(2,458)
Increase (decrease) due to repurchase of shares[*]	-	-	-	-	-	-	-	7,296	-	(8,470)	-	-	(1,174)	(2,200)	(3,374)
Balance at 31 December 2019	**1,003,450**	**(10,406)**	**4,304**	**135,013**	**(39,395)**	**(14,607)**	**28,179**	**7,296**	**154,442**	**(20,154)**	**535,616**	**365,826**	**2,149,564**	**4,546,125**	**6,695,689**
Balance at 1 January 2020	**1,003,450**	**(10,406)**	**4,304**	**135,013**	**(39,395)**	**(14,607)**	**28,179**	**7,296**	**154,442**	**(20,154)**	**535,616**	**365,826**	**2,149,564**	**4,546,125**	**6,695,689**
Transfers	-	-	-	-	-	-	6,139	-	-	-	359,687	(365,826)	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-	891	(91,457)	-	(90,566)	(197,221)	(287,787)
Total comprehensive income	-	-	364	45,058	(37,961)	(2,842)	-	-	-	-	-	444,960	449,579	177,014	626,593
Effect of change in effect rate of the subsidiaries[**]	-	-	-	-	-	-	-	-	-	-	(26,400)	-	(26,400)	(6,800)	(33,200)
Increase (decrease) due to repurchase of shares[*]	-	-	-	-	-	-	-	-	-	10,613	7,326	-	17,939	31,488	49,427
Balance at 31 December 2020	**1,003,450**	**(10,406)**	**4,668**	**180,071**	**(77,356)**	**(17,449)**	**34,318**	**7,296**	**154,442**	**(8,650)**	**784,772**	**444,960**	**2,500,116**	**4,550,606**	**7,050,722**

[*] Transactions regarding the repurchase of shares by held Aksa and Akiş.

[**] Akkök has purchased additional 80% shares of Aktek amounting to TRY33,200 on 30 June 2020.

[***] Rate changes effect regarding to the repurchase of own shares by Aksa.

The accompanying notes form an integral part of these consolidated financial statements.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

	Note references	Audited 1 January - 31 December 2020	Audited 1 January - 31 December 2019
Net profit (loss) for the period		**583,533**	**1,107,707**
Adjustments:			
Adjustments related to depreciation and amortization expenses	13, 14, 15	236,827	205,390
Adjustments related to provisions		133,558	69,436
Adjustments for gain (loss) on sale of property, plant and equipment and intangibles and investment properties		(47,618)	(9,482)
Adjustments related to interest income and expense	29	268,585	203,239
Profit/losses from investments accounted using the equity method	7	(107,481)	(55,330)
Dividend income	27	(167)	(775)
Adjustments to tax expense	30	83,319	82,774
Gain on fair value changes of financial assets and liabilities		16,537	(651,634)
Unrealized foreign currency translation differences		910,289	438,820
Cash flows from operating activities before changes in assets and liabilities		**2,077,382**	**1,390,145**
Changes in assets and liabilities			
Adjustments for increase/decrease in trade receivables		(429,952)	99,085
Adjustments for increase/decrease in trade and other receivables from related parties		31,973	(26,376)
Adjustments for increase/decrease in inventories		16,742	(250,918)
Adjustments for increase/decrease in other assets		(9,600)	304
Adjustments for increase/decrease in trade payables		(121,483)	191,696
Adjustments for increase/decrease in trade and other payables due to related parties		28,662	56,310
Adjustments for increase/decrease in other liabilities		56	4,866
Increase/decrease in prepaid expenses		(30,087)	(42,718)
Increase/decrease in deferred income		107,421	37,224
Increase/decrease in employee benefits		2,489	4,940
Employee termination benefits paid		(32,883)	(29,216)
Tax payments	30	(81,021)	(77,397)
Other increase/decrease from operating activities		(7,057)	39,905
Cash flows from operating activities		**1,552,642**	**1,397,850**
Investing activities			
Cash outflows from purchases of property, plant and equipment and intangible assets	13, 14	(495,679)	(322,756)
Cash iflows from sale of property, plant and equipment and intangible assets		65,422	10,073
Cash outflows from purchases of investment property	12	(98,914)	(2,934)
Cash inflow from sales of investment properties	12	4,266	6,815
Cash outlows from purchase of financial investments		(106,901)	(38,388)
Dividend received		8,743	12,660
Change in investment for inventories (residences)	10	(12,750)	6,464
Cash outflows from the purchase of shares of subsidiaries		(33,200)	-
Cash inflows from sale of shares of investments accounted using the equity method	7	6,988	-
Cash outflows capital increases in associates	7	(35,450)	(147,070)
Cash (inflows)/outflows from investing activities		**(697,475)**	**(475,136)**
Financing activities			
Cash outflows from the acquisition of own shares and other equity instruments		49,427	(5,832)
Cash inflows from borrowings obtained	21	5,049,338	3,678,541
Cash inflows from borrowings paid	21	(5,276,111)	(4,059,586)
Cash outflows from payments of lease liabilities		(22,532)	(2,813)
Dividend paid		(90,566)	(73,457)
Dividend payments to non-controlling shares		(197,221)	(228,226)
Interest paid		(110,593)	(99,154)
Interest received		72,033	92,139
Cash inflows/outflows from financing activities		**(526,225)**	**(698,388)**
Net increase/(decrease) in cash and cash equivalents		**328,942**	**224,326**
Net change in restricted cash	**5**	**18,794**	**(447,268)**
Cash and cash equivalents at the beginning of the period	**5**	**1,308,126**	**1,531,068**
Cash and cash equivalents at the end of the period	**5**	**1,655,862**	**1,308,126**

The accompanying notes form an integral part of these consolidated financial statements.

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Akkök Holding Anonim Şirketi ("Akkök") was established in 1979. Akkök, its subsidiaries, joint ventures and associates (all together referred as "the Group") mainly operate in the chemicals, energy, real estate, coating and textile sectors and engage in manufacturing of all kinds of raw materials, auxiliary materials and intermediate substances, artificial, synthetic and natural fibres, carbon fibres, filament and polymers, and any equipment, machinery or spare parts used in the production, processing or storage of these, importing and exporting, establishment of domestic, foreign and international branches, marketing and trading, coating of the materials such as metal sheet, stainless steel, aluminium, ceramic tile, sanitary ware, porcelain and glass, establishment and start-up and rental of energy generation plant, electricity generation and sale of generated electricity or capacity to customers and purchase and sale of or investing in real estate properties. The Group, in addition to its main operation also has operations in restaurant management, marketing, air transport, information technology, insurance agency, and tourism companies.

The Group's ultimate parents are A.R.D Holding Anonim Şirketi, NDÇ Holding Anonim Şirketi, and Atlantik Holding Anonim Şirketi, which are being controlled by Dinçkök family members (Note 23).

On 22 April 2014, at the general assembly for 2013, the Company has changed its title to Akkök Holding Anonim Şirketi from Akkök Sanayi Yatırım ve Geliştirme Anonim Şirketi with the amendment of 3rd Article of Company's articles of association and following the decision, change of the title has been registered on trade registry 13 May 2014 followed by the declaration on 20 May 2014,

Akkök Holding Anonim Şirketi is registered in Turkey and the address of the registered office is as follows:

Miralay Şefik Bey Sokak No: 15 Akhan Gümüşsuyu 34437 İstanbul

Subsidiaries

The subsidiaries of Akkök, the countries they are incorporated in, and the nature of their businesses are as follows:

Subsidiaries	Country of incorporation	Nature of business
Akiş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ("Akiş")	Turkey	Real estate investment
Karlıtepe Gayrimenkul Geliştirme ve Yatırım Anonim Şirketi ("Karlıtepe")	Turkey	Real estate investment
Akyaşam Yönetim Hizmetleri Anonim Şirketi	Turkey	Real estate investment
Akasya Çocuk Dünyası Anonim Şirketi	Turkey	Real estate investment
Aksu Real Estate E.A.D. ("Aksu Real Estate")	Bulgaria	Real estate investment
Ak-Kim Kimya Sanayi ve Ticaret Anonim Şirketi ("Ak-Kim")	Turkey	Chemicals
Akcoat İleri Kimyasal Kaplama Malzemeleri Sanayii ve Ticaret Anonim Şirketi ("Akcoat")(*)	Turkey	Chemicals
Akcoat USA Inc.(**)	USA	Chemicals
Akcoat Recubrimientos Quimicos Espacializados, S.L.U." ("Akcoat Spain")(**)	Spain	Chemicals
Akcoat Recubrimientos Quimicos Espacializados S. de R.L. de C.V ("Akcoat Meksika")(**)	Mexico	Chemicals
Dinox Handels GmbH ("Dinox"	Germany	Chemicals
Tasfiye Halinde Akmeltem Poliüretan Sanayi ve Ticaret Anonim Şirketi ("Akmeltem")	Turkey	Chemicals
Aksa Akrilik Kimya Sanayii Anonim Şirketi ("Aksa")	Turkey	Chemicals
Aksa Egypt Acrylic Fiber Industry SAE ("Aksa Egypt")	Egypt	Textile
Ak Havacılık ve Ulaştırma Hizmetleri Anonim Şirketi ("Ak Havacılık")(***)	Turkey	Aviation
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret Anonim Şirketi ("Akmerkez Lokanta")	Turkey	Restaurant management
Ak-Pa Tekstil İhracat Pazarlama Anonim Şirketi ("Akpa")	Turkey	International trade
Aktek Bilgi İletişim Teknolojisi San. ve Tic. Anonim Şirketi ("Aktek")	Turkey	Information technologies
Dinkal Sigorta Acenteliği Anonim Şirketi ("Dinkal")	Turkey	Insurance agency
Zeytinliada Turizm ve Ticaret Anonim Şirketi ("Zeytinliada")	Turkey	Tourism

(*) At the board of Directors Meeting of Gizem Frit, held on 20 August 2020, it was resolved to change the trade name of Gizem Seramik Frit ve Glazür Sanayi ve Ticaret Anonim Şirketi to Akcoat İleri Kimyasal Kaplama Malzemeleri Sanayi ve Ticaret A.Ş.
(**) Trade name of Megacolor Productos Ceramicos S.L.U. was changed to Akcoat Recubrimientos Quimicos Espacializados, S.L.U., trade name of Megacolor Productos Ceramicos Mexico was changed to Akcoat Recubrimientos Quimicos Espacializados S. de R.L. de C.V and trade name of Gizem USA Inc. was changed to Akcoat USA Inc.
(***) Akhavacılık is classified as "assets held for sales" as of 24 December 2020. (Note 20).

Akkök Holding A.Ş.
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Joint ventures

The joint ventures of Akkök, the countries they are incorporated in, and the nature of their businesses and joint venture partners are as follows:

Joint Ventures	Country of incorporation	Nature of business	Joint venture partner
Akcez Enerji Yatırımlar Sanayi ve Ticaret Anonim Şirketi ("Akcez")	Turkey	Energy	CEZ a,s,
Sakarya Elektrik Dağıtım Anonim Şirketi ("Sedaş")	*Turkey*	*Energy*	*CEZ a,s,*
Sakarya Elektrik Perakende Satış Anonim Şirket ("Sepaş")	*Turkey*	*Energy*	*CEZ a,s,*
Akenerji Elektrik Üretim Anonim Şirketi ("Akenerji")	Turkey	Energy	CEZ a,s,
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret Anonim Şirketi	*Turkey*	*Energy*	*CEZ a,s,*
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret Anonim Şirketi	*Turkey*	*Energy*	*CEZ a,s,*
Ak-el Kemah Elektrik Üretim Anonim Şirketi ("Kemah")	*Turkey*	*Energy*	*CEZ a,s,*
DowAksa Advanced Composites Holding B,V, ("DowAksa")	Netherlands	Chemicals	Dow Europe Holdings B,V,
DowAksa İleri Kompozit Malzemeler San, Ltd, Şirketi	*Turkey*	*Chemicals*	*Dow Europe Holdings B,V,*
DowAksa Switzerland GmbH	*Switzerland*	*Chemicals*	*Dow Europe Holdings B,V,*
DowAksa USA LLC	*USA*	*Chemicals*	*Dow Europe Holdings B,V,*
DowAksa Deutschland GmbH	*Germany*	*Chemicals*	*Dow Europe Holdings B,V,*
Akiş- Mudanya Adi Ortaklığı	Turkey	Real Estate	Mudanya
WMG London Developments L.P.	England	Real Estate	-
OXR Limited	*England*	*Real Estate*	-

Associates

The associates of Akkök, the countries they are incorporated in, and the nature of their businesses are as follows:

Associates	Country of incorporation	Nature of business
Akmerkez Gayrimenkul Yatırım Ortaklığı Anonim Şirketi ("Akmerkez")	Turkey	Real Estate Development

Financial investments

The financial investments of Akkök, the countries they are incorporated in, and the nature of their businesses are as follows:

Financial investments	Country of incorporation	Nature of business
Akhan Bakım Yönetim Servis Hizmet Ticaret Anonim Şirketi ("Akhan")	Turkey	Service
Üçgen Bakım ve Yönetim Hizmetleri Anonim Şirketi ("Üçgen")	Turkey	Service

Subsidiaries that are not material to the consolidated financial statements and financial investments that do not have quoted fair values or for which fair values cannot be reliably measured through alternative methods, are measured at cost less any impairment.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

The accompanying consolidated financial statements of the Group has been prepared in accordance with the International Accounting Standards ("IAS") issued by International Accounting Standards Board ("IASB"). IAS contains International Accounting Standards, International Financial Reporting Standards ("IFRS") and its addendum and interpretations ("IFRIC").

Akkök, its subsidiaries, joint ventures and associates maintains its accounting records and prepares its statutory financial statements in accordance with Public Oversight Accounting and Auditing Authority of Turkey's decision and General Communiqués on Accounting Systems Practices ("ASGC"), in Turkish Liras, in accordance with the requirements of Turkish Commercial Code (the "TCC").These consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with IFRS.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates, It also requires management to exercise judgment in the process of applying the Group's accounting policies, The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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2.2 Principles of consolidation

The significant accounting policies used during the preparation of these consolidated financial statements are summarised below:

a) The consolidated financial statements include the accounts of the parent company, Akkök, its subsidiaries, joint ventures and associates on the basis set out in sections (b) to (e) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and are prepared in accordance with IFRS as explained in Note 2.1. The results of operations of subsidiaries, joint ventures and associates are included or excluded in these consolidated financial statements subsequent to the date of acquisition or date of sale respectively.

b) Subsidiaries are companies in which Akkök has the power to control their financial and operating policies. Akkök's control over the investee, only and only when all of the following indicators are available; (a) has power over the investee, (b) the exposure to variable returns from its involvement with the investee or is entitled to these returns, and (c) has the ability to use its power over the investee to affect the amount of return to be earned.

Such control is established through the joint exercise of; (a) the voting rights of Akkök and its subsidiaries, (b) the voting rights of certain members of Dinçkök family and the related shareholders who declared to exercise their voting rights inline with Akkök's voting preference, and (c) the voting rights of entities that are controlled by the family members mentioned above and the related shareholders, which declared to exercise their voting rights inline with Akkök's voting preference. Effective interest rate represents the effective shareholding of the Group through the shares held directly by Akkök and indirectly by its subsidiaries in the consolidated financial statements, interests owned by the Dinçkök family members are presented as non-controlling interests.

The statements of balance sheets and statements of comphrensive income of the subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Akkök and its subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Akkök and its subsidiaries are eliminated on consolidation. The cost of, and the dividends arising from, shares held by Akkök in its subsidiaries are eliminated from equity and income for the period, respectively.

The portion of the profit or loss and net assets of subsidiaries attributable to equity interests that are not owned, directly or indirectly through the subsidiaries, by the parents, is presented as non-controlling interest.

The table below sets out the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at 31 December 2020 and 2019:

	Proportion of voting power held by Akkök and its subsidiaries (%)[1]		Proportion of voting power held by certain Dinçkök family numbers and related shareholders (%)[2]		Total voting power held (%)		Proportion of effective interest (%)[3]	
Subsidiaries	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Ak Havacılık ve Ulaştırma Hizmetleri Anonim Şirketi	100.00	100.00	-	-	100.00	100.00	100.00	100.00
Ak-Kim Kimya Sanayi ve Ticaret Anonim Şirketi	42.00	42.00	31.30	36.63	73.30	78.63	42.00	42.00
Akcoat İleri Kimyasal Kaplama Malzemeleri Sanayii ve Ticaret Anonim Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*42.00*	*42.00*
Akcoat Recubrimientos Quimicos Espacializados, S.L.U.	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*42.00*	*42.00*
Akcoat Recubrimientos Quimicos Espacializados S. de R.L. de C.V	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*42.00*	*42.00*
Akcoat USA Inc.	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*42.00*	*42.00*
Dinox Handels GmbH	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*42.00*	*42.00*
Tasfiye Halinde Akmeltem Poliüretan Sanayi ve Ticaret Anonim Şirketi	50.00	50.00	1.67	1.67	51.67	51.67	50.00	50.00
Akmerkez Lokantacılık Gıda Sanayi ve Ticaret Anomim Şirketi	43.75	43.75	-	-	43.75	43.75	43.75	43.75
Ak-Pa Tekstil İhracat Pazarlama Anonim Şirketi	86.69	86.69	-	7.50	86.69	94.19	86.69	86.69
Akport Tekirdağ Liman İşletmeleri Anonim Şirketi[4]	-	100.00	-	-	-	100.00	-	100.00
Aksa Akrilik Kimya Sanayi Anonim Şirketi	39.59	39.59	18.82	19.88	58.41	59.47	39.59	39.59
Aksa Egypt Acrylic Fiber Industries SAE	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*39.67*	*39.67*
Dinkal Sigorta Acenteliği Anonim Şirketi	96.66	96.66	-	2.23	96.66	98.89	96.66	96.66
Zeytinliada Turizm ve Ticaret Anonim Şirketi	89.61	89.61	-	4.64	89.61	94.25	89.61	89.61
Akiş Gayrimenkul Yatırım Ortaklığı Anonim Şirketi	14.66	14.66	38.26	54.43	52.92	69.09	14.66	14.66
Aksu Real Estate E.A.D.	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*14.66*	*14.66*
Akyaşam Yönetim Hizmetleri Anonim Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*14.66*	*14.66*
Akasya Çocuk Dünyası Anonim Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*14.66*	*14.66*
Karlıtepe Gayrimenkul Geliştirme ve Yatırım ve Anonim Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*14.66*	*14.66*
Aktek Bilgi İletişim Teknolojisi San. ve Tic. Anonim Şirketi[5]	100.00	20.00	-	40.00	100.00	60.00	100.00	20.00

(1) Represents total direct ownership interest held by Akkök and its subsidiaries.
(2) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power in-line with the voting preference of Akkök.
(3) Represents total direct and indirect ownership interest held by Akkök.
(4) Akport Tekirdağ Liman İşletmeleri Anonim Şirketi, which was included in consolidated financial statements on a line-by-line basis as of 31 December 2019, merged with Akkök on 31 March 2020 with all its assets and liabilities.
(5) Akkök has purchased additional 80% shares of Aktek amounting to TRY33,200 on 30 June 2020. After the share purchase, Akkök's proportion of effective interest is 100%.

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c) A joint arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an economic activity. A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Akkök exercises such joint control through direct and indirect ownership interest held by itself and/or through voting power Dinçkök family members and the related shareholders who declared to exercise their voting power inline with the voting preferences Akkök. The Group's interest in joint ventures is accounted for by using the equity method. Under the equity method, investments in the joint ventures are carried in the statement of financial position at cost plus post acquisition changes in the Company's share of net assets of the joint venture and the comprehensive income reflects the share of the results of operations of the joint ventures. Where there has been a change recognised directly in the equity of the joint ventures, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.The table below sets out the joint-ventures, the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at 31 December 2020 and 2019:

	Voting power held by Akkök and its subsidiaries (%)[1]		Voting power held by certain Dinçkök family numbers and related shareholders (%)[2]		Total voting power held (%)		Effective interest (%)[3]	
Joint Ventures	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Akenerji Elektrik Üretim Anonim Şirketi	20.43	20.43	16.93	16.93	37.36	37.36	20.43	20.43
Akenerji Elektrik Enerjisi İthalat-İhracat ve Toptan Ticaret Anonim Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*20.43*	*20.43*
Ak-El Kemah Elektrik Üretim Anonim Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*20.43*	*20.43*
Akenerji Doğalgaz İthalat İhracat ve Toptan Ticaret Anonim Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*20.43*	*20.43*
Akcez Enerji Yatırımları Sanayi ve Ticaret Anonim Şirketi	50.00	50.00	-	-	50.00	50.00	50.00	50.00
Sakarya Elektrik Dağıtım Anonim Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*50.00*	*50.00*
Sakarya Elektrik Perakende Satış Anonim Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*50.00*	*50.00*
Dowaksa Advanced Composites Holding B.V	50.00	50.00	-	-	50.00	50.00	19.79	19.79
DowAksa İleri Kompozit Malzemeler Sanayi Ltd. Şirketi	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*19.79*	*19.79*
DowAksa Switzerland GmbH.	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*19.79*	*19.79*
DowAksa USA LLC	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*19.79*	*19.79*
DowAksa Deutschland GmbH.	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*19.79*	*19.79*
Akiş - Mudanya Adi Ortaklığı	50.00	50.00	-	-	50.00	50.00	7.33	8.87
WMG London Developments L.P.	51.00	51.00	-	-	51.00	51.00	7.48	7.48
OXR Limited	*100.00*	*100.00*	-	-	*100.00*	*100.00*	*7.48*	*7.48*

(1) Represents total direct ownership interest held by Akkök and its subsidiaries.
(2) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power in-line with the voting preference of Akkök.
(3) Represents total direct and indirect ownership interest held by Akkök.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

d) Investments in associated undertakings are accounted for using the equity method (Note 7). These are undertakings, over which the Group generally has between 20% and 50% of the voting rights; through the voting rights of Akkök and its subsidiaries and/or through the voting rights of certain members of Dinçkök family and related shareholders in those companies who declared to exercise their voting rights inline with Akkök's voting preference or through the Group's exercise of significant influence with, no controlling power. Unrealised gains on transactions between the Group and its associated undertakings are eliminated to the extent of the Group's interest in the associated undertakings; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Equity accounting is discontinued when the carrying amount of the investment in an associated undertaking reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated undertaking or significant influence of the Group ceases. The carrying amount of the investment at the date when significant influence ceases is regarded as cost thereafter. The table below sets out the associates accounted for using the equity method of accounting, the proportion of voting power held by Akkök and its subsidiaries and effective ownership interests at 31 December 2020 and 2019:

	Voting power held by Akkök and its subsidiaries (%)[1]		Voting power held by certain Dinçkök family numbers and related shareholders (%)[2]		Total voting power held (%)		Effective interest (%)[3]	
Associates	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**
Akmerkez GayrimenkulYatırım Ortaklığı Anonim Şirketi[4]	12.66	13.13	5.57	5.57	18.24	18.70	12.66	13.13

e) Other investments in which the Group and its subsidiaries have an interest below 20%, or Group and its subsidiaries have an interest over 20% but the Group does not exercise a significant influence, or which are immaterial, and which do not have a quoted market price in active markets and whose fair value cannot be measured reliably are carried at cost less any provision for diminution in value (Note 6).

	Voting power held by Akkök and its subsidiaries (%)[1]		Voting power held by certain Dinçkök family numbers and related shareholders (%)[2]		Effective interest (%)[3]	
Financial Investments	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**	**31 December 2020**	**31 December 2019**
Akhan Bakım Yönetim Servis Hizmet Ticaret Anonim Şirketi	99.00	99.00	0.15	5.57	99.00	99.00
Üçgen Bakım ve Yönetim Hizmetleri Anonim Şirket	39.37	39.37	-	-	39.37	39.37

(1) Represents total direct ownership interest held by Akkök and its subsidiaries.
(2) Represents total direct ownership interest held by certain Dinçkök family members and related shareholders who declared to exercise their voting power in-line with the voting preference of Akkök.
(3) Represents total direct and indirect ownership interest held by Akkök.
(4) Akkök has the significant influence over Akmerkez GYO, an associate of the Group, through representation on the board of directors and participation in policy-making processes, including participation in decisions about dividends or other distributions.

2.3 The new standards, amendments and interpretations

a. Standards, amendments and interpretations applicable as at 31 December 2020:

- **Amendments to IAS 1 and IAS 8 on the definition of material;** effective from Annual periods beginning on or after 1 January 2020. These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:

  i) Use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting;
  ii) Clarify the explanation of the definition of material; and
  iii) Incorporate some of the guidance in IAS 1 about immaterial information.

- **Amendments to IFRS 3 - definition of a business;** effective from Annual periods beginning on or after 1 January 2020. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

- **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform;** effective from Annual periods beginning on or after 1 January 2020. These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

- **Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions;** effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (Covid-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to Covid-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

There are no material effects on consalidated financial statements of these standards, amendments and interpretations mentioned above.

b. Standards, amendments and interpretations that are issued but not effective as at 31 December 2020:

- **IFRS 17, 'Insurance contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

• **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities;** effective from 1 January 2022. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

• **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.

- Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. .

- Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

• **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one.

• **Amendments to IFRS 17 and IFRS 4, 'Insurance contracts', deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2021. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial Instrument until 1 January 2023.

The Group will consider the possible effect on its financial statements after effective date. Possible effects of such standards on financial position and performance under consideration.

2.4 Comparatives and adjustment to previous periods' financial statements

The consolidated financial statements of the Group include comparative financial information to enable the determination of the financial position and performance. In order to comply with the presentation of consolidated financial statements the current period when deemed necessary, comparative information is reclassified.

2.5 Changes in accounting policies, accounting estimates and errors

Significant changes in accounting policies or significant errors are corrected, retrospectively; by restating the prior period consolidated financial statements. The effect of changes in accounting estimates affecting the current period is recognised in the current period; the effect of changes in accounting estimates affecting current and future periods is recognised in the current and future periods.

2.6 Going concern

The consolidated financial statements including the accounts of the parent company, its subsidiaries, joint ventures and associates have been prepared assuming that the Group will continue as a going concern on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

2.7 Significant changes in the current period

The impact of Covid-19 pandemic to the Group's operations and financial results has been monitored and actions have been immediately taken for the Company to mitigate the impacts of the pandemic.

In connection with the Covid-19 pandemic and parallel to the current conditions/slowdown in the global economy, there have been disruptions in the supply and sales processes and especially during the lockdowns the manufacturing capacity was reduced in April 2020 in chemicals. As of June 2020, manufacturing capacity was gradually increased to regular operating levels with the increasing demand. In the meantime, the Group has taken measures for investment expenditures, stock optimization and for savings on operational and capital expenditures.

As of 19 March 2020, Akiş management has temporarily suspended the activities of Akasya and Akbatı Shopping Centers ("Shopping Mall"), prioritizing the health of store employees, visitors and Company employees operating in shopping centers. In this respect, during the period when the shopping malls are closed, the rent is not taken from their tenants for the days they are closed, the rent of the shopping malls is collected until 19 March 2020, when the activity continues, the market is taken as a basis for the closed shops due to legal regulations, and it was decided to give the authority to regulate rent for the stores that continue their activities such as pharmacies.

Akbatı and Akasya Shopping Centers, where the Group stopped its activities on 19 March 2020 within the scope of the Covid-19 epidemic, resumed their activities as of 1 June 2020, with all necessary measures taken to maximize hygiene conditions and minimize risks. Regarding lease payments of June, it was decided to provide lease support only for June, depending on turnover and various criteria and not exceeding 50%.

The Group management takes the necessary measures to minimize the negative effects of the epidemic on the consolidated financial statements, performance and cash flows of the Group. The Group management predicts that the subsidiaries have enough liquidity reserves to maintain their operational continuity and the shopping malls will have enough resources when they become operational. In addition, the Group reviewed the critical estimates and assumptions. Within this scope, the Group has tested the financial assets, inventories, tangible assets, goodwill and investment properties for a possible impairment and no impairements were identified.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3.2 Related parties

Parties are considered related to the Group if;

a) directly, or indirectly through one or more intermediaries, the party:

i) controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
ii) has an interest in the Group that gives it significant influence over the Group or has joint control over the Group;

b) the party is an associate;
c) the party is a joint venture in which the Group is a venture;
d) the party is member of the key management personnel of the Group or its parent;
e) the party is a close member of the family of any individual referred to in (a) or (d);
f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
g) the party has a post-employment benefit plan for the benefit of employees of the Group, or of an entity that is a related party of the Group.

Related party transactions are transfer of resources, services or obligations between related parties, regardless of whether a price is charged. A number of transactions are entered into with related parties in the ordinary course of business (Note 8).

3.3 Financial assets

Classification

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition, except where the business model of the Group is subject to change in the management of financial assets. In the case of business model change; the financial assets are reclassified on the first day of the following the change reporting period.

Recognition and Measurement

“Financial assets measured at amortized cost”, are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group’s financial assets measured at amortized cost comprise “cash and cash equivalents”, “trade receivables” and “financial investments”. Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

“Financial assets measured at fair value through other comprehensive income”, are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

“Financial assets measured at fair value through profit or loss”, are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Subsidiaries excluded from the scope of consolidation

For investments as subsidiaries that are excluded from the scope of consolidation on the grounds of materiality where there is no quoted market price and where a reasonable estimate of fair value cannot be determined since other methods are inappropriate and unworkable, they are carried at cost less any impairment (Note 6).

3.4 Trade receivables and payables

Trade receivables are recognised at original invoice amount and carried at amortised cost less an allowance for any uncollectible amounts. An estimate for doubtful debt is made when collection of the full amount is no longer probable. A credit risk provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The allowance is an estimated amount which is difference between existing receivable and collectible amount. Collectible amount is the discounted value of trade receivables, all cash flows including collections from guarantees by using original effective interest rate. Bad debts are written off when identified (Note 9).

Applied the “simplified approach” for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

Trade payables consist of the amounts invoiced or not invoiced related with the realised material or service purchases and are carried at amortised cost (Note 9).

3.5 Inventories

Inventories are valued at the lower of cost or net realisable value less costs to sell. Cost of inventories comprises the purchase cost and the cost of bringing inventories into their present location and condition. Cost is determined by the monthly moving weighted average method. The cost of borrowings is not included in the costs of inventories. Net realisable value less costs to sell is the estimated sales price in the ordinary course of business, less the estimated costs necessary to make the sale (Note 10).

Land planned for used in current or near future development projects are classified as inventories. As of balance sheet date, inventories which are not expected to be sold in one year are classified under non-current assets.

3.6 Investment properties

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as "investment property" (Note 12).

Investment properties are measured at fair value and changes in fair value are recognized under statement of profit or loss. Fair value of an investment property is the price at which the property could be exchanged between or a payment of a debt between knowledgeable and willing parties in a market condition.

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 13). Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Useful life (Year)
Land improvements	2-50
Buildings	5-50
Machinery and equipment	3-40
Motor vehicles	4-8
Furniture and fixtures	2-50
Leasehold improvements	4-5

The Group assesses at each balance sheet date whether there is objective evidence that a property, plant and equipment or a group of property, plant and equipment is impaired. In the event of circumstances indicating that an impairment has occurred in the property, plant and equipment, an inspection is performed for the purpose of determining a possible impairment, and if the registered value of the tangible asset is higher than its recoverable value, the registered value is reduced to its recoverable value by reserving a provision. The recoverable value is considered either the net cash flow to be caused by the current use of the respective property, plant and equipment or the next sales price, whichever is higher.

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their restated carrying amounts and are included in the related income and expense accounts, as appropriate (Note 27).

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Repairs and maintenance are charged to consolidated statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will be retained.

3.8 Intangible assets

Intangible assets acquired separately from a business are capitalised at acquisition cost. Intangible assets created within the business are not capitalised and the related expenditures are charged against profits in the year in which it is incurred. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. The depreciation period for the intangibles capitalised in relation with the developments will be started after the production of these developments are started. The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable (Note 14).

Fees paid for usage rights of assets in Yalova Kompozit ve Kimya İhtisas Islah Organize Sanayi Bölgesi ("Yalkim OSB") have been classified under intangible assets and fees paid for usage of land with indefinite useful life is not amortized.

Intangible assets recognized as a part of business combination

In business combinations, the acquirer may recognize identifiable assets, intangible assets and/or contingent liabilities which are not included in the acquiree's financial statements and which can be separated from goodwill, at their fair values in the consolidated financial statements. The customer relationships of the acquiree is considered as identifiable intangible asset and recognized at fair value at the acquisition date.

Intangible assets useful lives vary between 3 and 15 years.

Research and development expenses

Expenditures for research and development are expensed in the period incurred. Except with the following criteria for project expenditures are recorded as expense in the period incurred as well. The costs related to the development projects are capitalised when the criteria below are met and amortised on a straight-line basis over the useful lives of related projects according to IAS 38 "Intangible Assets" (Note 14):

- The product or process is clearly defined, and costs are separately identified and measured reliably,
- The technical feasibility of the product is demonstrated,
- The product or process will be sold or used in-house,
- A potential market exists for the product or its usefulness in case of internal use is demonstrated
- Adequate technical, financial and other resources required for completion of the project are available.

The Group manages research and development projects with project declaration documentation. On the beginning and ending of projects, top management of Group confirms projects declaration forms, reviews projects and controls research and development expenses and capitalization.

3.9 Revenue recognition

Group recognises revenue based on the following five principles in accordance with the IFRS 15 - "Revenue from Contracts with Customers" standard effective from 1 January 2019:

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue

Group evaluates each contracted obligation separately and respective obligations, which are committed to deliver the goods or perform services, are determined as separate performance obligations. After that determines at whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore fies a performance obligation over time, then the revenue is recognised over time by measuring the progress towards complete satisfaction of that performance obligation.

The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

a) presence of Group's collection right of the consideration for the goods or services,
b) customer's ownership of the legal title on goods or services,
c) physical transfer of the goods or services,
d) customer's ownership of significant risks and rewards related to the goods or services,
e) customer's acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted.

On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference of the consideration is recognised on an accrual basis as other operating income. Incomes from consultancy services resulting from the construction of facilities are accounted for when it is probable that the economic return to the Group will be possible and the yield can be reliably measured. Revenue is calculated by deducting the discounts and value added and sales taxes.

Dividend income is recognised when the Group has the right to receive the dividend payment.

Commission income is recognised when the intermediary goods have been billed by the seller.

The Group has accrued volume rebates in line with the customers' purchase targets to be paid at the end of the year. The Group classifies such volume rebates as "sales discounts" account under revenues.

Rent income from investment properties is recognized on the accrual basis. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized when the amount of revenue can be measured reliably and when it is probable that future economic benefits associated with the transaction will flow to the Group. The seasonal rent discounts are offsetted from rent revenue as incurred.

Revenue is shown by after eliminated in-group sales, deducting discounts and sales taxes.

Revenue from real estate sales is recognized in the statement of comprehensive income when the risks and benefits are transferred to the buyer.

Interest income is recognized using the effective interest method, which takes into account the future cash inflows from an asset over its expected life.

3.10 Borrowings

All bank borrowings are initially recognised at cost, being the fair value of the consideration received net of issue cost associated with the borrowing. After initial recognition, bank borrowings are subsequently measured at amortised cost using the effective yield method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement (Note 21).

3.11 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale.

3.12 Provision for employee termination benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men).

IAS 19, "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc,) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains/losses (Note 18).

The Group has an employee benefit plan called "Seniority Incentive Bonus" ("Bonus") which is paid to employees with a certain level of seniority. The Group accounts for this Bonus according to IAS 19, "Employee Benefits", Seniority incentive bonus provision which is disclosed within the employee termination benefit represents the present value of the estimated total reserve of the probable future obligations (Note 18).

Unused vacation rights

Liabilities arising from unused vacations of the employees are accrued in the period when the unused vacations are qualified.

3.13 Current and deferred tax

Tax expense or income is the aggregate of current income tax and deferred taxes which are based on the gains and losses for the period, The corporation tax rate is 20% after 1 January 2006 in Turkey. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 22% corporate tax rate will be applied to the profits of the entities related to their to 2018, 2019 and 2020 tax periods (for the entities with special accounting period, tax periods commenced in the related year) rather than 20%. Corporation tax rate is applicable on the total income of the companies after adjusting for certain disallowable expenses, income tax exemptions (participation exemption, investment incentive exemption, etc,) and income tax deductions (for example research and development expenses deduction). No further tax is payable unless the profit is distributed.

Except for the paid to non-resident corporations which have a representative office in Turkey or resident corporations and the cases specified in the Double Tax Treaties, dividends are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Income from real estate investment trust activities of Akmerkez, an associate of the Group and Akiş, a subsidiary of the Group, are not subject to Corporate Tax according to article 5/1, paragraph d-a of Corporate Tax Law. This exception is also applied to the temporary tax bases subject to the relevant temporary tax periods. Although income from real estate investment trust activities are subject to stoppage according to article 15, paragraph 3 of Corporate Tax Law, the stoppage rate is decided as "0%" according to decision numbered 2009/14594 by Council of Ministers.

Deferred tax is provided for in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements.

Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. Deferred tax liabilities are recognised for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. The carrying amount of deferred tax assets is reviewed by the Group at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized (Note 30).

Since the applicable tax rate has been changed to 22% for the 3 years beginning from 1 January 2018, 22% tax rate is used in the deferred tax calculation of 31 December 2018 for the temporary differences expected to be realized/closed within 3 years (for the years 2018, 2019 and 2020). However, since the corporate tax rate after 2020 is 20%, 20% tax rate is used for the temporary differences expected to be realized/closed after 2020.

Deferred tax assets and deferred tax liabilities related to income taxes levied by the same taxation authority are offset accordingly, at individual entity level.

3.14 Events after the balance sheet date

The Group adjusts the amounts recognised in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements (Note 32).

3.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate (Note 17).

3.16 Contingent assets and liabilities

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in financial tables and are treated as contingent assets or liabilities.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.
A contingent asset is disclosed where an inflow of economic benefit is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs (Note 17).

3.17 Business combinations

Business combinations are accounted in accordance with IFRS 3, "Business Combinations". Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. If the purchase amount is less than the fair value of provisions, contingent assets and liabilities, the subjected difference is identified with income statement.

Changes in Ownership Interests

The Group applies a policy of treating transactions with non-controlling interests that do not result in loss of control, as transactions with owners of the parent. In a purchase transaction with non-controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. In a sale transaction with non-controlling interests, the difference between fair value of any proceeds received and the relevant share of non-controlling interests are also recorded in equity. Consequently, gains or losses on disposals to non-controlling interests are not accounted for in the consolidated statement of comprehensive income.

3.18 Foreign currency transactions

Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements are presented in Turkish Lira, which is the functional currency of Akkök.

Foreign currency transactions and balances

Income and expenses arising in foreign currencies have been translated into TRY at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the balance sheet dates. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of comprehensive income.

3.19 Derivative financial instruments

Derivative financial instruments are initially recognized at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The derivative instruments of the Group mainly consist of interest rate swap and forward foreign exchange purchase and sale transactions. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements and fair value difference of these derivatives are accounted for under consolidated income statements. Derivatives of the Group which qualified for hedge accounting under specific rules are measured using the methods stated as below:

Cash Flow Hedge

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognized in equity as "hedging reserves". Where the forecasted transaction or firm commitment results in the recognition of an asset or of a liability, the gains and losses previously recognized under equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts recognized under equity are transferred to the consolidated income statement in the period in which the hedged firm commitment or forecasted transaction affects the consolidated income statement.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gains or losses previously recognized in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

3.20 Statement of cash flows

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

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Cash flows from operating activities represent the cash flows of the Group generated from operations. Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (capital expenditures and financial investments). Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Cash and cash equivalents include investments in which cash and bank deposits are highly liquid, short-term and readily convertible into cash with a maturity of 3 months or less (Note 5).

3.21 Government grants

Grants from the government are recognised at their fair value when there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions. Government grants relating to costs are recognised in the statement of comprehensive income by deducting from research and development expenses. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are recognized in the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

3.22 Paid in share capital

The shareholders are classified as share capital. The share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings (Note 23).

3.23 Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes:

a) initial direct costs incurred,
b) lease payments made at or before the commencement date less any lease incentives received,
c) all initial direct costs incurred by the Group.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the date the lease actually starts:

(a) Fixed payments,
(b) Variable lease payments that depend on an index or a rate,
(c) Amounts expected to be paid under residual value guarantees
(d) The exercise price of a purchase option reasonably certain to be exercised by the Group and
(e) Payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable, the Group determines the alternative borrowing interest rate at the date of the revaluation.

After the effective date of the lease, the Group measures the lease obligation as follows:

(a) Increase the carrying amount to reflect the interest on the lease obligation, and
(b) Decreases book value to reflect rental payments.

In addition, in the situation of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements according to IFRS, necessitates the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

a) Fair values of investment property

The Group has determined the fair values of investment properties and disclosed them in Note 12.

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Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as discounted cash flow projections.

b) Deferred income tax assets

Deferred tax liabilities are recognised for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised (Note 30).

c) Useful lives of property, plant and equipment and intangible assets

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Useful lives of property, plant and equipment, rely on best estimates of management, these estimates are reviewed balance sheet dates and if necessary, adjustments are made (Note 13 and 14).

d) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation (Note 17).

e) Income taxes

Subsidiaries, joint ventures and associates of the Group are subject to income tax and various tax legislations. The group performs the accounting of liabilities related to the taxes expected based on the assumption of whether additional tax will be paid or not. If the tax amount reached as a result of these is significantly different from the amount first entered to the book, these differences may affect the provision of income tax and deferred taxes related to that period (Note 30).

NOTE 5 - CASH AND CASH EQUIVALENTS

The analysis of cash and cash equivalents at 31 December 2020 and 2019 is presented below:

	31 December 2020	31 December 2019
Cash on hand	463	557
Banks	1,682,633	1,354,537
- Demand deposits	*83,841*	*113,483*
- Time deposits	*1,598,792*	*1,241,054*
Other	997	1,431
Total	**1,684,093**	**1,356,525**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

The reconciliation between cash and cash equivalents in the consolidated statement of financial position and the consolidated statements of cash flows as at 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Cash and cash equivalents	1,684,093	1,356,525
Less: restricted deposits	(26,372)	(45,166)
Less: interest accruals	(1,859)	(3,233)
Cash and cash equivalents	**1,655,862**	**1,308,126**

Interest rate of time deposits with maturities less than 3 months at 31 December 2020 and 2019 are as follows:

	31 December 2020		31 December 2019	
	Time Deposit	Interest rate (%)	Time Deposit	Interest rate (%)
USD	876,789	2.25-3.55	356,832	1.35-5.50
EUR	545,126	0.35-2.80	409,005	0.10-3.75
TRY	176,877	8.25-18.25	475,217	9.50-23.25
Total	**1,598,792**		**1,241,054**	

NOTE 6 - FINANCIAL INVESTMENTS

	31 December 2020	31 December 2019
Bank deposits with maturities over three months(*)	259,583	426,813
Stocks and bonds	208,325	45,143
Other financial investments measured at fair value through profit or loss	113,684	2,979
Currenct financial investments	**581,592**	**474,935**
Other financial investments measured at fair value through profit or loss	59,192	-
Financial investments measured at fair value through other comprehensive income	9,466	11,997
Bonds with maturities over one year	4,521	-
Financial investments not included in the scope of consolidation(**)	226	226
Non-currenct financial investment	**73,405**	**12,223**
Total	**654,997**	**487,158**

(*) Bank deposits are blocked by banks related to borrowings and rent receivables of subsidiaries of the Group.
(**) Financial investments that are excluded from the scope of consolidation are excluded on the grounds of immateriality. As these shares do not have quoted market price in an active market, they are carried at cost, adjusted for inflation accounting that was applicable until 31 December 2004.

Financial investments measured at fair value through other comprehensive income:	(%)	31 December 2020	(%)	31 December 2019
Yapı ve Kredi Bankası A.Ş.	<1	9,466	<1	11,427
Akçansa Çimento Sanayi A.Ş.	<1	-	<1	570
Total		**9,466**		**11,997**

Movements of financial investments measured at fair value through other comprehensive income for the periods ended 31 December 2020 and 2019 are as follows:

	2020	2019
1 January	**11,997**	**7,790**
Additions	-	1,264
Change in fair value	1,846	2,943
Disposals	(4,377)	-
31 December	**9,466**	**11,997**

Financial investments not included in the scope of consolidation:	31 December 2020	31 December 2019
Akhan Bakım Yönetim Servis Hizmet Ticaret A.Ş.	119	119
Üçgen Bakım ve Yönetim Hizmetleri A.Ş.	107	107
Total	**226**	**226**

NOTE 7 - INVESTMENTS ACCOUNTED USING THE EQUITY METHOD

	31 December 2020	31 December 2019
DowAksa	388,529	302,846
Akcez	325,525	200,219
Akmerkez	199,792	204,822
WMG London	34,485	27,813
Akenerji(*)	-	-
Total	**948,331**	**735,700**

(*) The Group has not recognised the Group's share in cumulative loss of Akenerji amounting to TRY809,579 in the financials statements as of 31 December 2020 (31 December 2019: TRY609,489). The Group is in the opinion that that unrecognised period losses will not constitute further liabilities.

Movements of investments accounted using the equity method during the years ended 31 December 2020 and 2019 is as follows:

	2020	2019
1 January	**735,700**	**510,500**
Share of net profit for the period	107,481	5,330
Dividends received	(8,576)	(11,885)
Share of other comprehensive income	85,264	34,685
Participation to capital increase	35,450	147,070
Effect of change in share rate	(6,988)	-
31 December	**948,331**	**735,700**

Financial information for the investments accounted using the equity method at 31 December 2020 and 2019 are as follows:

31 December 2020	Assets	Liabilities	Revenue	Net profit/ (loss) for the period
Akenerji(*)	2,561,844	6,622,199	2,187,509	(978,259)
Akcez	3,497,042	2,959,314	5,747,975	92,113
DowAksa	2,138,008	1,360,950	585,566	15,016
Akmerkez	1,603,386	25,612	87,418	83,286
WMG London	127,438	60,676	-	(3,056)

31 December 2019	Assets	Liabilities	Revenue	Net profit/ (loss) for the period
Akenerji(*)	2,920,925	5,595,102	1,823,209	(587,893)
Akcez	3,150,658	2,863,548	4,093,691	1,590
DowAksa	1,802,559	1,196,867	370,081	(37,972)
Akmerkez	1,569,725	9,177	117,659	572,043
WMG London	87,800	32,948	-	(3,003)

(*) Total assets and liabilities in the consolidated financial statements where the Akenerji's property, plant and equipment are accounted for at fair value are TRY6,734,537 and TRY6,863,149 respectively (31 December 2019: TRY6,874,073 and TRY5,912,906).

As of 31 December 2020 and 2019, market capitalization of the Group's investments accounted for using the equity method are presented below:

31 December 2020	Total market capitalization	Group's share
Akenerji	1,655,202	338,158
Akmerkez GYO	2,450,108	310,184
Total	**4,105,310**	**648,341**

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31 December 2019	Total market capitalization	Group's share
Akenerji	831,247	169,824
Akmerkez GYO	887,628	116,657
Total	**1,718,875**	**286,481**

NOTE 8 - RELATED PARTY DISCLOSURES

a) Trade receivables from related parties

The details of trade receivables from related parties as at 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
DowAksa(*)	47,862	60,373
Akenerji(*)	14,228	25,868
Akcez(*)	6,296	6,310
Other	6,688	4,619
Total	**75,074**	**97,170**

b) Other receivables from related parties

The details of other receivables from related parties as at 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Akmerkez GYO(**)	2,218	-
DowAksa(*)	-	13,843
Akcez(*)	-	1,449
Other	482	-
Total	**2,700**	**15,292**

c) Non-current other receivables from related parties

	31 December 2020	31 December 2019
Akiş Mudanya Adi Ortaklığı(***)	15,103	12,632
Total	**15,103**	**12,632**

(*) Joint ventures
(**) Associates
(***) Long-term receivable from Akiş-Mudanya Adi Ortaklığı ("Adi Ortaklık") is related to receivables that resulted from payments made to Adi Ortaklık regarding agreements of the construction in return for flat.

d) Short-term trade payables due to related parties

	31 December 2020	31 December 2019
DowAksa(*)	69,940	53,121
Yalkim OSB	5,856	3,399
Akcez(*)	2,063	3,023
Akgirişim	-	1,013
Other	4,424	2,289
Total	**82,283**	**62,845**

e) Short-term other payables due to related parties

	31 December 2020	31 December 2019
A.R.D Holding A.Ş.	2,765	-
Atlantik Holding A.Ş.	2,695	-
Emniyet Ticaret A.Ş.	1,786	-
Other	1,316	-
Total(*)	**8,562**	**-**

f) Sales to related parties

	1 January - 31 December 2020	1 January - 31 December 2019
DowAksa(**)	94,844	98,210
Akcez(**)	40,647	32,034
Akenerji(**)	22,855	23,653
Akgirişim	3,632	939
Other	6,794	15,916
Total	**168,773**	**170,752**

g) Service and product purchases from related parties

	1 January - 31 December 2020	1 January - 31 December 2019
Yalkim OSB(***)	53,150	34,826
Akgirişim	36,949	29,613
Akcez(**)	28,112	32,611
Akhan(****)	6,584	5,134
Other	6,764	12,447
Total	**131,560**	**114,631**

Purchases from related parties consist of energy, chemical products, services, consultancy and rent expenses.

(*) As of 31 December 2020, other payables to related parties consist of dividend payables to be paid to shareholders.
(**) Joint ventures.
(***) The usage rights cost of joint treatment plant within Yalkim Organized Industrial Zone.
(****) Financial investments not included in the scope of consolidation.

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h) Interest income from related parties

	1 January - 31 December 2020	1 January - 31 December 2019
Akiş Mudanya Adi Ortaklığı(*)	1,796	2,567
Total	**1,796**	**2,567**

i) Key management compensation

The Group has determined the key management personnel as the members of the board of directors and executive committee members,

	1 January - 31 December 2020	1 January - 31 December 2019
Key management compensation	20,768	19,776
Total	**20,768**	**19,776**

j) Commitments given to related parties

The long term loan amounting to USD325,000 granted to Akcez and its subsidiaries, Sedaş and Sepaş as borrowers, by the International Finance Corporation (“IFC”), European Bank for Reconstruction and Development (“EBRD”) and Unicredit Bank AG (“UCB”) was refinanced on the basis of the negotiations with the same Bank Group as of 20 May 2016. As of the date of the refinancing of the loan, the balance is USD220,675 and Akcez’s shareholders Akkök Holding Anonim Şirketi And Cez Anonim Şirketi have become guarantors of the loans (each responsible individually and with a maximum balance equal to half of the loan). Loan repayments are made by Akcez and the balance of the loan is USD146,526 as of 31 December 2020.

Akcez’s shareholders Akkök Holding Anonim Şirketi and Cez Anonim Şirketi have become guarantors solely (each responsible individually and with a maximum amount equal to half of the loan) with respect to long term loans amounting to USD52,163 and TRY149,628 obtained by Akcez’s subsidiary, Sedaş as borrower, from the International Finance Corporation (“IFC”), European Bank for Reconstruction and Development (“EBRD”) and Unicredit Bank AG (“UCB”) as part of the refinancing agreement dated 20 May 2016. Loan repayments are made by Sedaş. As of 31 December 2020, the remaining balance of the loan is USD44,239 and TRY126,902.

NOTE 9 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables from third parties

	31 December 2020	31 December 2019
Trade receivables	1,311,446	943,047
Cheques and notes receivable	430,172	419,639
Less: provision for doubtful receivables	(72,701)	(98,412)
Less: unearned credit finance income	(3,242)	(4,919)
Subtotal	**1,665,675**	**1,259,355**
Trade receivables from related parties (Note 8)	75,074	97,170
Total	**1,740,749**	**1,356,525**

Maturity of trade receivables of the Group is generally less than three months (2019: less than three months). The past experience of the Group in collecting receivables has been taken into consideration when determining the provision amount for doubtful receivables. Therefore, the Group believes that, there is no additional collection risk for trade receivables is necessary other than the provision provided.

b) Long-term trade receivables

	31 December 2020	31 December 2019
Customers	123,430	84,814
Notes receivables and cheques	57,102	49,592
Less: provision for doubtful receivables	(77,440)	-
Less: unearned financial income	(1,455)	(3,836)
Total	**101,637**	**130,570**

Movements of provision for doubtful trade receivables for the years ended 31 December 2020 and 2019 are as follows:

	2020	2019
1 January	**98,412**	**72,786**
Collections and reversal of provisions	(19,341)	(2,278)
Allowance for the period	69,671	27,904
Translation differences	1,399	-
31 December	**150,141**	**98,412**

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c) Short-term trade payables

	31 December 2020	31 December 2019
Suppliers	1,120,750	1,243,682
Less: unincurred financial expenses (-)	(2,827)	(2,657)
Subtotal	**1,117,923**	**1,241,025**
Trade payables to related parties (Note 8)	82,283	62,845
Total	**1,200,206**	**1,303,870**

d) Long-term trade payables

	31 December 2020	31 December 2019
Suppliers	4,739	3,125
Total	**4,739**	**3,125**

NOTE 10 - INVENTORIES

	31 December 2020	31 December 2019
Raw materials	538,661	568,804
Complete and incomplete residence	511,279	498,529
Finished goods	245,703	281,016
Other inventories and spare parts	76,319	68,168
Semi-finished goods	54,824	53,059
Goods in transit	24,234	-
Trade goods	12,479	8,883
Less: provision for impairement in inventories(*)	(49,163)	(54,647)
Total	**1,414,336**	**1,423,812**

(*) The inventory value of TRY45,248 the cost of Çiftehavuzlar land as of 31 December 2020 amounting to TRY82,317 is the amount of impairment resulting from the redemption of land to the purchase price of TRY37,069 (31 December 2019: TRY37,069).

	2020	2019
1 January	**54,647**	**51,820**
Allowances utilized	(6,928)	(8,913)
Charge for the period	1,444	11,740
31 December	**49,163**	**54,647**

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NOTE 11 - PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2020	31 December 2019
Current prepaid expenses:		
Advances given	47,765	41,155
Prepaid expenses	25,245	25,971
Total	**73,010**	**67,126**
Non-current prepaid expenses:		
Advances given	49,908	40,948
Prepaid expenses	20,667	7,674
Total	**70,575**	**48,622**

	31 December 2020	31 December 2019
Short-term deferred income:		
Advances received	196,755	86,578
Deferred income	50,241	50,916
Total	**246,996**	**137,494**
Long-term deferred income:		
Advances received	2,925	454
Deferred income for the year	-	5,029
Total	**2,925**	**5,483**

NOTE 12 - INVESTMENT PROPERTIES

	1 January 2020	Additions	Disposals	Transfers	Currency translation differences	Decrease in fair value	31 December 2020
Land and buildings	5,550,758	98,914	(4,266)	(90,391)	484	(111,108)	5,444,391
Net book value	**5,550,758**	**98,914**	**(4,266)**	**(90,391)**	**484**	**(111,108)**	**5,444,391**

	1 January 2019	Additions	Disposals	Transfers	Currency translation differences	Increase in fair value	31 December 2019
Land and buildings	4,933,985	2,934	(6,815)	42,039	430	578,185	5,550,758
Net book value	**4,933,985**	**2,934**	**(6,815)**	**42,039**	**430**	**578,185**	**5,550,758**

	Used Method	Level	31 December 2020	31 December 2019
Akasya Shopping Mall	Discounted cash flow method	2	3,504,970	3,650,000
Akbatı Shopping Mall	Discounted cash flow method	2	1,450,728	1,465,000
Uşaklıgil Project	Discounted cash flow method	2	253,945	228,369
Yalova-Çiftlikköy land and buildings	Pretend comparison method	2	100,060	85,325
Akhan	Pretend comparison method	2	37,700	35,470
Social facility	Pretend comparison method	2	24,000	21,850
Other	Pretend comparison method	2	72,988	64,744
Total			**5,444,391**	**5,550,758**

Fair value of the Group's investment properties, as of 31 December 2020, were estimated by an independent valuation company as TRY5,444,391 (2019: TRY5,550,758). Total fair value determined is classified as Level 2.

There are amounting to TRY2,457,987 mortgage on investment properties of the Group as of 31 December 2020 (2019: TRY3,522,575).

As of 31 December 2020 there is TRY4,164,387 insurance guarantee on investment properties (2019: TRY4,261,659).

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NOT 13 - PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2020 are as follows:

	1 January 2020	Additions	Disposals	Transfers(*)	Currency translation differences	31 December 2020
Cost						
Land and land improvements	294,102	100	(2,123)	26,777	429	319,285
Buildings	369,721	1,570	(4,563)	2,367	5,352	374,447
Machinery and equipment	2,350,784	6,662	(45,482)	229,445	7,742	2,549,151
Motor vehicles	88,652	540	(391)	(66,895)	187	22,093
Furniture and fixtures	146,477	11,413	(6,391)	581	607	152,687
Leasehold improvements	16,422	858	(331)	(3,276)	-	13,673
Construction in progress(**)	216,166	453,630	-	(273,865)	-	395,931
Total	**3,482,324**	**474,773**	**(59,281)**	**(84,866)**	**14,317**	**3,827,267**
Accumulated depreciation						
Land and land improvements	72,201	6,357	(363)	(46)	-	78,149
Buildings	93,941	9,521	(1,208)	-	948	103,202
Machinery and equipment	1,192,486	155,093	(40,364)	(89)	5,505	1,312,631
Motor vehicles	21,166	283	(343)	-	145	21,251
Furniture and fixtures	97,839	12,338	(5,849)	(729)	637	104,236
Leasehold improvements	10,714	710	(296)	(3,145)	-	7,983
Total	**1,488,347**	**184,302**	**(48,423)**	**(4,009)**	**7,235**	**1,627,452**
Net book value	**1,993,977**					**2,199,815**

(*) Amount of TRY13,739 is transferred to intangible assets and amount of TRY67,118 is transferred to assets held for sale.
(**) Construction in progress is mainly comprised of modernization of production facilitites and construction of reverse osmosis facility of Aksa, and investmets with respect to ultra filtration and Yalova persulfates facilities of Ak-Kim.

The breakdown of depreciation expense for the years ended 31 December 2020 and 2019 is disclosed in Note 28.

The movements of property, plant and equipment and related accumulated depreciation for the period ended 31 December 2019 are as follows:

	1 January 2019	Additions	Disposals	Transfers(*)	Currency translation differences	31 December 2019
Cost						
Land and land improvements	281,099	556	(513)	12,620	340	294,102
Buildings	357,163	336	(598)	10,662	2,158	369,721
Machinery and equipment	2,215,626	12,782	(15,651)	134,448	3,579	2,350,784
Motor vehicles	86,022	4,556	(2,205)	-	279	88,652
Furniture and fixtures	136,671	7,645	(2,008)	4,019	150	146,477
Leasehold improvements	16,154	268	-	-	-	16,422
Construction in progress(**)	111,840	277,621	-	(173,295)	-	216,166
Total	**3,204,575**	**303,764**	**(20,975)**	**(11,546)**	**6,506**	**3,482,324**
Accumulated depreciation						
Land and land improvements	66,943	5,296	(38)	-	-	72,201
Buildings	84,645	9,233	(582)	-	645	93,941
Machinery and equipment	1,068,676	136,179	(15,346)	-	2,977	1,192,486
Motor vehicles	22,332	456	(1,780)	-	158	21,166
Furniture and fixtures	87,458	11,904	(1,643)	-	120	97,839
Leasehold improvements	10,803	906	(995)	-	-	10,714
Total	**1,340,857**	**163,974**	**(20,384)**	**-**	**3,900**	**1,488,347**
Net book value	**1,863,718**					**1,993,977**

(*) Amount of TRY11,546 is transferred to intangible assets.
(**) Construction in progress is mainly comprised of modernization of production facilitites and construction of reverse osmosis facility of Aksa, and investmets with respect to ultra filtration and Yalova persulfates facilities of Ak-Kim.

NOTE 14 - INTANGIBLE ASSETS

The movements of intangible assets and related accumulated depreciation for the period ended 31 December 2020 and 2019 are as follows:

	1 January 2020	Additions	Disposals	Transfers	Currency translation differences	31 December 2020
Cost						
Rights	133,314	10,796	(4,200)	2,119	3,529	145,558
Development costs	61,393	9,807	-	11,577	-	82,777
Other	18,907	303	-	41	-	19,251
Customer list	141,212	-	-	(377)	10,303	151,138
Total	**354,826**	**20,906**	**(4,200)**	**13,360**	**13,832**	**398,724**
Accumulated amortisation						
Rights	34,184	8,533	(691)	-	1,295	43,321
Development costs	22,224	6,266	-	-	-	28,490
Other	12,493	2,146	-	-	-	14,639
Customer list	65,719	15,735	-	(312)	4,824	85,966
Total	**134,620**	**32,680**	**(691)**	**(312)**	**6,119**	**172,416**
Net Book Value	**220,206**					**226,308**

	1 January 2019	Additions	Disposals	Transfers	Currency translation differences	31 December 2019
Cost						
Rights	119,997	10,778	(332)	1,815	1,056	133,314
Development costs	46,470	5,870	-	9,053	-	61,393
Other	15,891	2,344	(285)	678	279	18,907
Customer list	138,423	-	-	-	2,789	141,212
Total	**320,781**	**18,992**	**(617)**	**11,546**	**4,124**	**354,826**
Accumulated amortisation						
Rights	27,023	6,671	(332)	-	822	34,184
Development costs	18,114	4,110	-	-	-	22,224
Other	11,074	1,485	(285)	-	219	12,493
Customer list	48,860	14,652	-	-	2,207	65,719
Total	**105,071**	**26,918**	**(617)**	**-**	**3,248**	**134,620**
Net Book Value	**215,710**					**220,206**

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NOTE 15 - RIGHT OF USE ASSETS

The movements of right of use assets and related accumulated depreciation for the period ended 31 December 2020 and 2019 are as follows:

	1 January 2020	Additions	Disposals	Transfers	Rental condition changes	31 December 2020
Cost						
Vehicles	26,137	40,641	(3,873)	(195)	33	62,743
Site rent	10,611	1,222	(288)	-	1,383	12,928
Buildings	20,107	6,022	(3,480)	(81)	115	22,683
	56,855	**47,885**	**(7,641)**	**(276)**	**1,531**	**98,354**
Accumulated depreciation						
Vehicles	9,053	14,224	(3,848)	(116)	9	19,322
Site rent	961	639	(288)	-	-	1,312
Buildings	4,422	4,982	(856)	(77)	-	8,471
	14,436	**19,845**	**(4,992)**	**(193)**	**9**	**29,105**
Net book value	**42,419**					**69,249**

	1 January 2019	Additions	Disposals	Transfers	Rental condition changes	31 December 2019
Cost						
Vehicles	9,393	14,189	(206)	-	2,761	26,137
Site rent	930	134	-	-	9,547	10,611
Buildings	18,481	49	-	-	1,577	20,107
	28,804	**14,372**	**(206)**	**-**	**13,885**	**56,855**
Accumulated depreciation						
Vehicles	-	9,115	(62)	-	-	9,053
Site rent	-	961	-	-	-	961
Buildings	-	4,422	-	-	-	4,422
	-	**14,498**	**(62)**	**-**	**-**	**14,436**
Net book value	**28,804**					**42,419**

NOTE 16 - GOODWILL

The details of goodwill as of 31 December 2020 and 2019 is as follows:

31 December 2020	**Akcoat**	**Dinox**	**Other**	**Total**
Purchase consideration settled in cash	212,458	13,992	48,968	275,418
Contingent consideration(*)	9,436	-	5,516	14,952
Net liabilities/(assets) acquired	(171,185)	(11,150)	(53,807)	(236,142)
Currency translation differences	-	3,762	210	3,972
Goodwill	**50,709**	**6,604**	**887**	**58,200**

31 December 2019	**Akcoat**	**Dinox**	**Other**	**Total**
Purchase consideration settled in cash	212,458	13,992	48,968	275,418
Contingent consideration(*)	9,436	-	5,516	14,952
Net liabilities/(assets) acquired	(171,185)	(11,150)	(53,019)	(235,354)
Currency translation differences	-	2,034	163	2,197
Goodwill	**50,709**	**4,876**	**1,628**	**57,213**

(*) Contingent consideration has been remeaseured as of balance sheet date of these consolidated financial statements.

The movements of goodwill for the periods ended 31 December 2020 and 2019 are as follows:

	Akcoat	**Dinox**	**Other**	**Total**
1 January 2020	**50,709**	**4,876**	**1,628**	**57,213**
Currency translation differences	-	1,728	47	1.775
Net liabilities/(assets) acquired	-	-	(788)	-
31 December 2020	**50,709**	**6,604**	**887**	**58,200**

	Akcoat	**Dinox**	**Other**	**Total**
1 January 2019	**50,709**	**4,420**	**1,616**	**56,745**
Currency translation differences	-	456	12	468
31 December 2019	**50,709**	**4,876**	**1,628**	**57,213**

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Impairment test for goodwill:

On 5 January 2015, the Ak-Kim, a subsidiary of the Group, acquired 100% shares of Akcoat. On 22 May 2015, the Akiş, a subsidiary of the Group, acquired 100% shares of Karlıtepe. Ak-Kim, a subsidiary of the Group, acquired a 100% share of Dinox on 15 February 2017 for a consideration of EUR3,750. On 3 November 2018 the remaining 50% shares of Akferal was acquired by Ak-Kim from the FERALCO AB by for a consideration of TRY9,000. Akcoat, a subsidiary of the Group, acquired 100% shares of Akcoat Spain on 22 November 2017 for a consideration of EUR7,002. The difference between the total purchase price, fair value of acquired net assets and resulting goodwill in the consolidated financial statements.

The Group tests whether goodwill has suffered any impairment on an annual basis. The Group, considers the carrying value of its investment in Akcoat, Dinox, and Akcoat Spain for possible impairment in every reporting period. The impairment analysis cannot be performed by considering market data since related financial asset has not active market and the Company management has to make significant estimations.

Akcoat;

On 5 January 2015, the Group acquired 100% shares of Akcoat. Akcoat is a producer of performance coatings and pigments. The products are being used for the decorative and protective purpose in coating of the materials such as metal sheet, stainless steel, aluminium, cast iron, ceramic tile, sanitary ware, porcelain, medical porcelain and glass. Additionally, these materials are being colorized by inorganic pigments which are also manufactured by Akcoat. The acquisition transaction is accounted in the consolidated financial statements of Ak-Kim by the acquisition method in accordance with IFRS 3 “Business Combinations”. As a result of the related accounting, a goodwill amounting to TRY50,709 is accounted in the consolidated financial statements.

The impairment test is based on a 5-year USD based projection between 1 January 2021 and 31 December 2025 which is approved by Akcoat management. In order to predict the future cash flows, a constant growth rate of 2.00%, not exceeding the estimated average growth rate of the country’s economy, has been used. Weighted cost of capital rate of 9.25% is used as after-tax discount rate in order to calculate the recoverable amount of the unit. No impairment has been determined as a result of the analyses carried out by the Group as of 31 December 2020.

Dinox;

Ak-Kim, a subsidiary of the Group, acquired a 100% share of Dinox Handels GmbH (“Dinox”) on 15 February 2017 for a consideration of EUR 3,750,000. Dinox mainly sells chemical products produced by Ak-Kim in Europe. The aim of the acquisition of Ak-Kim’s subsidiary, Dinox, is to provide more effective sales organization in Europe and increase market share of chemical products manufactured by Ak-Kim, a subsidiary of the Group. The acquisition transaction is accounted in the consolidated financial statements of Ak-Kim by the acquisition method in accordance with IFRS 3 Business Combinations Standard. As a result of related accounting, goodwill has been accounted amounting to TRY6,604 in the consolidated financial statements of Ak-Kim.

The impairment test is based on a 5-year EUR based projection between 1 January 2021 and 31 December 2025 which is approved by Dinox management. In order to predict the future cash flows, a constant growth rate of 0%, not exceeding the estimated average growth rate of the country’s economy, has been used. Weighted cost of capital rate of 11.8% is used as after-tax discount rate in order to calculate the recoverable amount of the unit. No impairment has been determined as a result of the analyses carried out by the Group as of 31 December 2020.

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NOTE 17 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provisions:	**31 December 2020**	**31 December 2019**
Provisions for debts and expenses	19,672	11,362
Provision for lawsuit	1,767	2,582
Total	**21,439**	**13,944**

Contingent assets and liabilities:

a) Guarantees received

Mortgages, guarantee notes and cheques, letters of guarantee and other commitments received for short-term trade receivables are as follows:

	31 December 2020	**31 December 2019**
Insurances on receivable	1,219,680	958,091
Received mortgages	229,989	214,923
Received letters of guarantee	169,257	121,059
Confirmed/nonconfirmed letter of credit	89,989	25,597
Received notes, quarantee and cheques	87,383	126,092
Share pledges	44,605	118,804
Limits from direct debit systems	14,360	14,599
Total	**1,855,263**	**1,579,165**

b) Guarantees given

Letters of guarantee, mortgages and letters of credit given by the Group are below:

	31 December 2020	**31 December 2019**
Mortgages given	2,700,148	3,522,575
Letters of credit given	886,848	633,304
Letters of guarantee given	970,228	735,530
Toplam	**4,557,224**	**4,891,409**

c) Lawsuits from shareholders:

Following Akkök extraordinary general assembly meeting dated 31 October 2013 and ordinary general assembly meeting related to the year ended 2013 dated 22 April 2014 (delayed to and completed on 23 May 2014) certain shareholders began to file numerous lawsuits against the Group.

The lawsuit filed for the annulment of Akkök's Extraordinary General Assembly Meeting dated 31 October 2013, was accepted by the Court of First Instance on 21 October 2015 and as the parties did not appeal to the higher court, became final on 21 November 2015.

Concerning the lawsuits filed for the annulment of Akkök's extraordinary general assembly meetings dated 23 December 2015 and 14 January 2016 and for annulment of Akkök's Board of Directors decision no 4 dated 24 February 2016 regarding the exercise of the shareholder's rights to pay 50% of their share capital commitment, the Court, with an interim decision dated 28 March 2016 rejected the claimants' application for a temporary injunction. In the last hearing on 24 May 2018, the Court, by decisions subject to appeal, dismissed the cases. The applicant has appealed against the aforementioned decisions by the claimant and in the consolidated financial statements no provisions were recognized related to this claim as of 31 December 2020.

NOTE 18 - EMPLOYEE BENEFITS

Provisions for employement benefits	**31 December 2020**	**31 December 2019**
Short term:		
Provision for bonuses	56,347	28,798
Unused vacation provision	8,834	6,351
Total	**65,181**	**35,149**
Long term:		
Provision for employment termination benefits	68,147	54,276
Provision for seniority incentive plan	2,443	2,316
Total	**70,590**	**56,592**

Movements in the short-term provisions for employment termination benefits for the years ended 31 December 2020 and 2019 are as follows:

Provision for bonuses	**2020**	**2019**
1 January	**28,798**	**20,966**
Current period charges	56,281	28,798
Bonus premiums paid	(28,732)	(20,966)
31 December	**56,347**	**28,798**

Proovision for unused vacation	**2020**	**2019**
1 January	**6,351**	**5,343**
Charge for the year	2,881	1,008
Transfers related to assets held for sale	(398)	-
31 December	**8,834**	**6,351**

Under Turkish labor law, the Company is officially required to pay the severance pay to each employee whose employment contract has expired. Also, the Company is required to pay the severance payment to employees who has the right to leave the Company by receiving severance pays according to the 2422 numbered, 6 March 1981 dated and 4447 numbered, 25 August 1999 dated Law no.506 on Social Insurance Law's 60th clause which is still effective.

The liability is not funded as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

IAS 19 "Employee Benefits" require actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions have been used in the calculation of the total liability:

	2020	2019
Discount rate (%)	4.70	4.96
Probability of retirement (%)	86.12 - 98.27	84.13 - 98.25

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of full TRY7,638.96 effective from 1 January 2021 (1 January 2020: full TRY6,730.15) has been taken into consideration in calculating the reserve for employment termination benefit of the Group.

Movements in the provisions for employment termination benefits and seniority incentive bonus for the years ended 31 December 2020 and 2019 are as follows:

	2020	2019
1 January	**56,592**	**42,107**
Compensation paid	(4,151)	(8,250)
Service cost	6,423	6,664
Interest cost	4,664	4,167
Actuarial gain	7,353	11,904
Transfers related to assets held for sale	(291)	-
31 December	**70,590**	**56,592**

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NOTE 19 - OTHER ASSETS AND LIABILITIES

	31 December 2020	31 December 2019
Other current assets:		
VAT receivable	154,472	157,541
Income accruals	7,330	1,594
Other	2,643	2,746
Total	**164,445**	**161,881**
Other non-current assets:		
VAT receivable	2,488	6,933
Other	662	655
Total	**3,150**	**7,588**

	31 December 2020	31 December 2019
Other current liabilities:		
Taxes and fund payables	463	7,051
Expense accruals	56	3,527
Other	-	76
Total	**519**	**10,654**
Other non-current liabilities:		
Deposits and guarantees received	18,034	13,319
Total	**18,034**	**13,319**

NOTE 20 - ASSETS HELD FOR SALE

	31 December 2020	31 December 2019
Land and plots(*)	93,214	1,431
Ak Havacılık(**)	77,573	-
Total	**170,787**	**1,431**

(*) Consisting of land and plots registered in Merkez Efendi Mahallesi 2953 island 25 parcel, Zeytinburnu, Istanbul. The related asset is held for sale. According to the valuation report dated 31 December 2020, the fair value is TRY94,100.

(**) At the Board of Directors Meeting of Akkök Holding A.Ş., held on 24 December 2020, it was resolved to sale all of the shares corresponding to 100% of Ak Havacılık's capital. The share transfer is expected to be completed in 2021.

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 21 - BORROWINGS

	31 December 2020	31 December 2019
Short-term bank borrowings	1,653,067	2,176,602
Short-term factoring and leasing liabilities	-	19,226
Other financial liabilities	384	-
Subtotal	**1,653,451**	**2,195,828**
Short term portion of long-term bank borrowings	656,671	798,402
Issued bonds	54,696	-
Lease liabilities	20,566	11,951
Total short term financial liabilities	**2,385,384**	**3,006,181**
Long-term bank borrowings	3,770,543	2,179,393
Lease liabilities	58,559	33,830
Issued bonds	-	73,818
Total long term financial liabilities	**3,829,102**	**2,287,041**

The details of borrowings of the Group are as follows:

	31 December 2020		31 December 2019	
	Annual weighted average interest rate %	TRY equivalent	Annual weighted average interest rate %	TRY equivalent
Short-term bank borrowings:				
USD loans	2.30 - 3.11	641,215	2.86 - 4.77	1,599,301
EUR loans	0.5 - 3.94	27,890	0.66	325,759
TRY loans	2.00 - 13.21	983,964	11.26 - 25.69	251,542
Other financial liabilities	-	384	-	-
Total		**1,653,451**		**2,176,602**
Short-term factoring payables:				
USD factoring payables	-	-	-	19,226
Total		**-**		**19,226**

The details of borrowings of the Group are as follows (Continued):

	31 December 2020		31 December 2019	
	Annual weighted average interest rate %	TRY equivalent	Annual weighted average interest rate %	TRY equivalent
Short term portion of long-term bank borrowings:				
USD loans	3.27 - 5.51	349,139	4.08 - 6.27	434,709
EUR loans	0.5 - 4.60	151,329	2.8 - 4.6	284,490
TRY loans	2.12 - 13.11	109,706	44.331	79,203
Issued bonds	-	101,193	-	-
Lease liabilities	-	20,566	-	11,951
Total		**731,933**		**810,353**
Long-term bank borrowings:				
USD loans	1.45 - 5.36	2,914,264	6.45	1,420,445
EUR loans	0.5 - 4.60	662,246	4.60	669,493
TRY loans	2.00 - 13.4	194,033	15.50	89,455
Issued bonds	-	-	-	73,818
Lease liabilities	-	58,559	-	33,830
Total		**3,829,102**		**2,287,041**

The movement table of financial borrowings for the years ended 31 December 2020 and 2019 are as follows:

	2020	2019
1 January	**5.293.222**	**4,996,315**
Cash inflow from new borrowings obtained	5,049,338	3,678,541
Cash outflows from redemption of borrowings	(5,276,111)	(4,059,586)
Change in interest accrual	224,717	195,642
Exchange rates differences	888,426	436,532
Lease liabilities	35,000	45,778
Transfers related to assets held for sale	(106)	-
31 December	**6,214,486**	**5,293,222**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

The book value and fair value of the borrowings as of 31 December 2020 and 2019 is as follows:

	31 December 2020		31 December 2019	
	Fair Value	Book Value(*)	Fair Value	Book Value(*)
USD loans	3,854,047	3,904,618	3,541,128	3,473,760
EUR loans	977,833	841,466	1,201,113	1,157,796
TRY loans	1,478,771	1,389,277	898,117	615,885
Total	**6,310,651**	**6,135,361**	**5,640,358**	**5,247,441**

(*) The balance does not include the amounts of financial lease liabilities arising under IFRS 16.

The fair values of the borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy.

The repayment schedule of borrowings is as follows:

	31 December 2020	31 December 2019
To be paid within 1 year	2,385,384	3,006,181
To be paid between 1-2 year	1,948,972	825,030
To be paid between 2-3 year	499,174	763,078
To be paid between 3-4 year	471,900	259,840
To be paid after 4 years	909,056	439,093
Total	**6,214,486**	**5,293,222**

At 31 December 2020, bank borrowings with floating interest rates amounts to TRY1,475,445 (2019: TRY1,319,470). The floating interest rate bank borrowings denominated in USD, which represents a significant portion of total bank borrowings of the Group, have interest rates fluctuating between London Interbank Offered Rate (Libor) +3.10% and +3.25% and in EUR have interest rates fluctuating between London Interbank Offered Rate (Libor) +2.45% and +3.90% (2019: Libor+1.8% and +3.90%).

NOTE 22 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2020		31 December 2019	
	Asset	Liabilities	Asset	Liabilities
Hedging instruments	5,977	119,196	18,958	76,158
Held for trading	20,166	17,384	7,765	447
Total	**26,143**	**136,580**	**26,723**	**76,605**

Derivatives as hedging instruments:

	31 December 2020		31 December 2019	
	Contract amount	Fair value liabilities	Contract amount	Fair value liabilities
Interest rate swaps	704,112	(25,424)	319,638	(3,242)
Cross currency swaps	568,242	(69,857)	204,393	(12,138)
Forward	30,056	(17,938)	2,519,600	(41,820)
Total	**1,302,411**	**(113,219)**	**3,043,631**	**(57,200)**

Derivative financial instruments are initially recognized at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The derivative instruments of the Group mainly consist of interest rate swap and forward foreign exchange purchase and sale transactions.

Hedges of exposures to variability in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction and could affect profit and loss are designated as cash flow hedges by the Group. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives hedging derivative financial instruments in the consolidated financial statements. Changes in the fair value of derivatives, designated as cash flow hedges and qualified as effective, are recognized in equity as "hedging reserves" after tax effect.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, or when a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated income statement. The realisation of promised or probable future transactions are recorded in the income statement, if not realised, accumulated gains or losses are recognised as income or loss in the consolidated financial statements.

At December 31 December 2020, the fixed interest rates vary from 0.325% to 1.13% for USD (2019: USD 1.13% to 1.35%) and the main floating rates are EURIBOR and LIBOR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 2020 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings.

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NOTE 23 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Capital

At 31 December 2020 and 2019 the Group's share capital and shareholding structure exceeding 1% were as follows:

	Share (%)	31 December 2020	Share (%)	31 December 2019
A.R.D Holding	33	334,483	33	334,483
Atlantik Holding Anonim Şirketi	33	334,483	33	334,483
NDÇ Holding Anonim Şirketi	33	334,482	33	334,482
Other	1	2	1	2
	100	**1,003,450**	**100**	**1,003,450**
Adjustment to share capital	-	(10,406)	-	(10,406)
Total	**100**	**993,044**	**100**	**993,044**

The Group's authorised share capital consists of 100,345,000,000 shares each with TRY0.01 value (2019: 100,345,000,000). There are no privileges given to shares of different groups and shareholders, As of balance sheet date, the paid-in capital is TRY1,003,450.

The share capital, which was increased from TRY13,098 to TRY863,378 with the decision taken at the extraordinary general meeting dated 23 December 2015, through the addition of the Company's whole internal resources to the capital (only from internal resources) pursuant to Article 462 of the Turkish Commercial Code (TCC) was incresed to TRY1,003,450 taken at the extraordinary general assembly meeting held on 23 December 2015, Increased to TL 1,003,450 with the decision of capital increase taken at the extraordinary general meeting held on 14 January 2016. All of the guaranteed was paid in cash.

Retained Earnings and Legal Reserves

Legal reserves consist of first and second legal reserves, calculated in accordance with the Turkish Commercial Code. The first legal reserve is calculated as 5% of the financial statutory profits per annum until the total reserve reaches 20% of the historical paid-in share capital. In accordance with Turkish Commercial Code, restricted reserves not exceeding 50% of share capital can be offset against accumulated losses but cannot be distributed.

As of 31 December 2020 and 2019, retained earnings of Akkök its stand-alone with statutory financial statements are as follows:

	31 December 2020	31 December 2019
Legal reserves	34,318	28,179
Net profit for the period	190,112	120,983
Retained earnings	231,936	289,006
Total	**456,366**	**438,168**

Informations on subsidiaries with significant non-controlling interest

Group subsidiaries with significant non-controlling interest are Akiş, Ak-Kim and Aksa, Summary of the financial information of these subsidiaries are stated below:

31 December 2020	Ownership of non-controlling interest (%)	Assets	Liabilities	Revenue	Net profit/loss for the year
Akiş	85.40%	6,104,878	2,497,664	301,444	(458,444)
Ak-kim	58.00%	2,542,194	1,829,226	1,929,973	433,101
Aksa	59.61%	5,010,692	3,068,333	4,109,857	457,186
Total		**13,657,764**	**7,395,223**	**6,341,275**	**431,843**

31 December 2019	Ownership of non-controlling interest (%)	Assets	Liabilities	Revenue	Net profit/loss for the year
Akiş	85.34%	6,298,886	2,278,434	437,161	549,043
Ak-kim	58.00%	1,916,973	1,492,165	1,549,938	170,408
Aksa	59.61%	4,255,366	2,661,188	3,645,899	283,039
Total		**12,471,225**	**6,431,787**	**5,632,998**	**1,002,490**

NOTE 24 - REVENUE AND COST OF SALES

a) Revenue

	1 January - 31 December 2020	1 January - 31 December 2019
Local sales	4,286,434	3,619,154
Export sales	2,110,911	2,141,995
Less: sales returns (-)	(19,411)	(17,835)
Less: sales discounts (-)	(198,554)	(139,626)
Revenue, net	**6,179,380**	**5,603,688**

b) Cost of sales

	1 January - 31 December 2020	1 January - 31 December 2019
Raw materials	3,559,199	3,621,209
Personnel expenses	283,364	254,215
Depreciation and amortisation expenses	206,400	187,260
Shopping mall costs	53,576	61,297
Other	222,692	129,165
Total	**4,325,231**	**4,253,146**

NOTE 25 - GENERAL AND ADMINISTRATIVE EXPENSES

a) General administrative expenses

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	114,591	87,157
Consultancy expenses	32,770	30,045
IT and communication expenses	15,525	11,014
Depreciation and amortization expenses	13,813	7,454
Other tax expenses	5,933	4,961
Office expenses	3,703	4,188
Donations and charities	3,254	1,032
Travelling expenses	2,949	4,465
Rent expenses	1,678	1,338
Other	13,888	4,694
Total	**208,104**	**156,348**

b) Marketing expenses

	1 January - 31 December 2020	1 January - 31 December 2019
Personnel expenses	41,162	34,861
Export expenses	30,578	39,292
Commission expenses	29,859	19,452
Transportation expenses	22,047	17,549
Depreciation and amortization expenses	8,445	6,505
Advertisement expenses	4,575	5,321
Insurance expenses	3,923	2,510
Travel expenses	3,624	6,226
Rent expenses	757	821
Other	15,201	15,709
Total	**160,171**	**148,246**

NOTE 26 - OTHER OPERATING INCOME AND EXPENSE

a) Other operating income

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange gain on commercial activities	605,090	283,476
Interest income from credit sales	34,300	40,706
Gain on sale of scraps	23,563	7,786
Other	27,121	19,249
Total	**690,074**	**351,217**

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b) Other operating expenses

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange loss on commercial activities	549,357	210,587
Provision expenses	71,280	36,535
Interest expense from credit purchases	9,127	12,388
Provision for impairment expenses(*)	6,826	11,740
Other	10,675	10,389
Total	**647,265**	**281,639**

(*) The cost of Çiftehavuzlar land as of 31 December 2020 amounting to TRY82,317 is the amount of Impairment resulting from the redemption of land to the purchase price of TRY37,069.This amount is the amount foreseen within the scope of ongoing legal and administrative processes.

NOTE 27 - INCOME AND EXPENSE FROM INVESTING ACTIVITIES

a) Income from investing activities

	1 January - 31 December 2020	1 January - 31 December 2019
Increase in fair value of investment properties	53,744	587,964
Gain on sales of fixed assets	45,533	9,587
Rental income	4,827	4,424
Income from sale of share from financial investments and associates	4,590	-
Dividend income	167	775
Other	5,631	-
Total	**114,492**	**602,750**

b) Expense from investing activities

	1 January - 31 December 2020	1 January - 31 December 2019
Decrease in fair value of investment properties	164,852	9,779
Loss on sales of fixed assets	2,085	105
Total	**166,937**	**9,884**

NOTE 28 - EXPENSES BY NATURE

Expenses classified by nature for the period of 31 December 2020 and 2019 are as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Raw materials and supplies	3,559,199	3,621,209
Personnel expenses	454,662	391,147
Depreciation and amortization(*)	236,267	202,570
Shopping mall costs	53,576	61,297
Maintenance, repair and cleaning expenses	52,597	47,664
Energy expenses	39,761	58,689
Other	335,614	202,176
Total	**4,731,676**	**4,584,752**

(*) As of 31 December 2020, depreciation and amortisation expenses amounting to TRY236,267 consist of depreciation of property plant and equipment amounting to TRY184,302, depreciation of intangible assets amounting to TRY32,680, depreciation of right of use assets amounting to TRY19,845, depreciation of projects which has not completed and classified as construction in progress amounting to TRY539 and depreciation of inventories amounting to TRY20.

Personnel expenses	1 January - 31 December 2020	1 January - 31 December 2019
Cost of sales	283,364	254,215
General administrative expenses	114,591	87,157
Marketing expenses	41,162	34,861
Research and development expenses	15,545	14,914
Total	**454,662**	**391,147**

NOTE 29 - FINANCIAL INCOME AND EXPENSES

a) Financial income

	1 January - 31 December 2020	1 January - 31 December 2019
Foreign exchange gain	1,083,659	601,306
Interest income	70,659	91,557
Gain from derivative financial instruments	26,900	14,008
Total	**1,181,218**	**706,871**

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b) Financial expenses:

	1 January - 31 December 2020	1 January - 31 December 20199
Foreign exchange loss	1,671,281	922,951
Interest expense	339,244	294,796
Loss from derivative financial instruments	39,467	25,158
Other	9,923	10,195
Total	**2,059,915**	**1,253,100**
Financial expenses, net	**878,697**	**546,229**

NOTE 30 - TAXES ON INCOME

	31 December 2020	31 December 2019
Corporate and income taxes payable	93,440	78,037
Less: prepaid corporate income tax	(78,169)	(75,185)
Current income tax (assets)/liabilities, net	**15,271**	**2,852**

The details of taxation on income in the statements of comprehensive income for the years ended 31 December 2020 and 2019 are as below:

	1 January - 31 December 2020	1 January - 31 December 2019
Current income tax expense	(93,440)	(78,037)
Deferred tax expense	10,121	(4,737)
Total tax expense, net	**(83,319)**	**(82,774)**

Deferred tax assets and liabilities

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred tax has been provided at 31 December 2020 and 2019 using the enacted tax rates is as follows:

	Temporary taxable differences		Deferred tax assets /(liabilities)	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Property, plant and equipment, intangible assets and right of use assets	269,661	299,604	(61,760)	(60,659)
Investment properties	137,407	94,154	(13,741)	(11,153)
Investment incentives	(54,657)	(66,840)	14,546	17,788
Derivative financial instruments	(108,727)	(3,383)	21,746	744
Employee benefits	(72,301)	(60,350)	15,209	12,196
Trade receivables and provisions for doubtful receivables	(98,553)	(39,456)	19,710	8,680
Financial lease liabilities	(45,619)	(45,781)	9,125	9,468
Other	(65,390)	19,329	6,291	(1,941)
Diğer	(65,390)	19,329	6,291	(1,941)
Deferred tax liabilities, net			**11,126**	**(24,877)**

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

Since each subsidiary are separate taxpayers, net deferred income tax assets or liabilities for each of these taxpayers have been calculated however these have not been offset in the consolidated balance sheets. The temporary differences and deferred tax assets and liabilities presented above are based on the gross values and represent the net deferred tax position.

Movements of deferred tax assets/(liabilities) as at 31 December 2020 and 2019 as below:

	31 December 2020	31 December 2019
1 January	**24,877**	**35,118**
Deferred tax expense recognised in profit or loss, net	(10,121)	4,737
Deferred tax income recognised in other comprehensive income	(26,854)	(16,438)
Currency translation differences	844	1,460
Transfers related to assets held for sale	128	-
31 December	**(11,126)**	**24,877**

The reconciliation of tax expenses stated on the consolidated statement of comprehensive income for the years ended 31 December 2020 and 2019 is as follows:

	1 January - 31 December 2020	1 January - 31 December 2019
Profit/(loss) before taxes	666,852	1,190,481
Expected tax expense of the Group (22%)	**(146,707)**	**(261,906)**
Effect of tax losses for which no deferred tax assets was recognized(*)	(101,080)	(959)
Previous year losses utilized in the current year for which no deferred tax assets recognised in previous years	3,584	
Investment incentives	133,999	47,041
Expenses not deductible for tax purposes	(6,432)	(4,837)
Effect of consolidation adjustments	21,134	5,854
Other income/expense exempt from tax	8,613	130,348
Other	3,570	1,685
Current tax expense of the Group	**(83,319)**	**(82,774)**

(*) Tax losses for which no deferred tax assets was recognized arise from the fact that Akiş GYO's income from real estate investment trust activities are not subject to Corporate Tax.

As of balance sheet date, the Group did not recognize deferred income tax assets on carry forward tax losses' of certain subsidiaries, for which amounts, and expiration dates are as follows:

Dates of expiry	31 December 2020	31 December 2019
2020	-	5,562
2021	42	4,815
2022	66	4,258
2023	68	20,772
2024	229	4,360
2025	98	-
Total	**503**	**39,767**

NOTE 31 - NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

Financial risk factors

The Groups principal financial instruments are cash and cash equivalents, trade receivables, trade payables and financial liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk, interest rate risk and credit risk. The Group management reviews and agrees policies for managing each of the risks as summarised below.

31.1 Foreign currency risk

Foreign currency risk is identified by the changes in cash flows and revenues due to changes in foreign currency rates. The Group is exposed to foreign currency risk with the foreign currency transactions of sales, purchases and financial liabilities. In these transactions, USD and EUR are the main currencies. In selected subsidiaries, Akkök, implemented written policies for managing these risks. Written policies are determined considering, a) risk appetite b) strategies and plan to reduce risk to an acceptable level c) risk monitoring methods (reporting, etc.). These policies are revised when necessary and reviewed at least once a year.

Net foreign currency positions of selected subsidiaries are periodically analysed by Akkök. In order to manage the foreign currency risk, natural hedging is achieved, as practically possible, through balance sheet management. In addition, the Group enters into derivative contracts to manage shorter - term foreign currency risk, where necessary. For longer term management of the risk, the Group considers market conditions and enters into derivative contracts.

As of 31 December 2020, the foreign currency position of the Group is prepared using the following foreign exchange rates: USD/TRY 7.3405, EUR/TRY 9.0079 (2019: USD/TRY 5.9402, EUR/TRY 6.6506).

Foreign currency position table denominated in Turkish Lira as of 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Assets	3,246,965	2,955,024
Liabilities (-)	(5,656,207)	(6,303,173)
Net balance sheet position	**(2,409,242)**	**(3,348,149)**

				31 December 2020
	USD	EUR	Other Currencies	Total
Assets:				
Cash and cash equivalents	950,779	586,337	5,344	1,542,460
Financial investments	571,826	-	-	571,826
Trade receivables	918,905	174,887	33,248	1,127,040
Other assets	4,640	999	-	5,639
Total assets	**2,446,150**	**762,223**	**38,592**	**3,246,965**
Liabilities:				
Short-term borrowings	990,354	179,219	-	1,169,573
Long-term borrowings	2,914,264	662,246	-	3,576,510
Trade payables	741,549	131,996	1,285	874,830
Other liabilities	11,927	23,365	2	35,294
Total liabilities	**4,658,094**	**996,826**	**1,287**	**5,656,207**
Net foreign currency position	**(2,211,944)**	**(234,603)**	**37,305**	**(2,409,242)**

				31 December 2019
	USD	EUR	Other Currencies	Total
Assets:				
Cash and cash equivalents	497,832	428,932	35,601	962,365
Financial investments	473,322	-	-	473,322
Trade receivables	1,038,407	309,201	157,880	1,505,488
Other assets	13,845	2	2	13,849
Total assets	**2,023,406**	**738,135**	**193,483**	**2,955,024**
Liabilities:				
Short-term borrowings	2,053,238	610,649	-	2,663,887
Long-term borrowings	1,420,445	669,493	-	2,089,938
Trade payables	1,222,919	245,303	4,481	1,472,703
Other liabilities	4,653	71,992	-	76,645
Total liabilities	**4,701,255**	**1,597,437**	**4,481**	**6,303,173**
Net foreign currency position	**(2,677,849)**	**(859,302)**	**189,002**	**(3,348,149)**

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The table below shows the sensitivity of the net foreign currency position of the Group to the changes in foreign exchange rates as of 31 December 2020 and 2019:

31 December 2020	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%		
USD net assets/liabilities	(221,194)	221,194
Hedging amount of USD	55,954	(55,954)
USD net effect - income/expense	**(165,240)**	**165,240**
Change of EUR against TRY by 10%		
EUR net assets/liabilities	(23,460)	23,460
Hedging amount of EUR	12,925	(12,925)
Euro net effect - income/expense	**(10,535)**	**10,535**

31 December 2019	Foreign currency appreciation	Foreign currency devaluation
Change of USD against TRY by 10%		
USD net assets/liabilities	(267,785)	267,785
Hedging amount of USD	84,596	(84,596)
USD net effect - income/expense	**(183,189)**	**183,189**
Change of EUR against TRY by 10%		
EUR net assets/liabilities	(85,930)	85,930
Hedging amount of EUR	22,848	(22,848)
Euro net effect - income/expense	**(63,082)**	**63,082**

31.2 Interest rate risk

Interest rate risk arises from changes in interest rates of interest-bearing liabilities and assets. As the medium and long-term borrowings are only available with floating rates in the market the Group is exposed to interest rate risk from time to time. Akkök Holding Anonim Şirketi, implemented written policies for managing these risks. Written policies are determined considering, a) risk appetite b) strategies and plans to reduce risk to an acceptable level c) risk monitoring methods (reporting, etc.). These policies are revised when necessary and reviewed at once a year. The Group watches markets closely, analyses sensitivity to interest rate changes and the weighted average maturity of liabilities to identify possible changes in costs. As a result of analysis; if necessary, interest rate swaps are used to fix some portion of the floating rate debt liabilities during the term of the loan.

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Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rate expose the Group to fair value interest rate risk. As of 31 December 2020, and 2019, the Group's borrowings at floating rates are mainly denominated in USD and EUR.

At 31 December 2020, if interest rates on USD denominated borrowings had been higher/lower by 100 base point with all other variables held constant, profit before income taxes would have been TRY492 (2019: TRY6,316) lower/higher, mainly as a result of high interest expense on floating rate borrowings.

31.3 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. It is the Group policy that all customers who wish to trade on credit terms are subject to credit screening procedures and the Group also obtains collaterals from customers when appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Trade receivables are evaluated by the management based on their past experiences and current economic condition, and are presented in financial statements net of provision for doubtful receivables

The Fitch rating scores of the banks in which the company has short term time and demand deposits, are within the range of F3-B.

As at December 31 December 2020, trade receivables amounting to TRY274,915 (2019: TRY337,562) were past due but not impaired. The Group does not foresee any collection risk for receivables overdue up to one month due to industry dynamics and circumstances. The Group applies a portion of trade receivables overdue more than one month by interest charge. Aging of past due but not impaired trade receivables 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Up to 3 months overdue	146,496	154,329
More than 3 months overdue	128,419	183,233
Total	**274,915**	**337,562**

Credit risk of financial instruments at 31 December 2020 and 2019 are as follows:

	Trade and other receivables			Stock,	Derivative
31 December 2020	**Related party**	**Other**	**Bank deposits**	**fund and bond**	**financial assets**
Maximum credit risk exposure as of the reporting date (A+B+C+D)	**92,877**	**1,780,486**	**1,682,633**	**385,722**	**26,143**
Secured portion	-	743,056	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	59,503	1,538,247	1,682,633	385,722	26,143
- Secured portion	-	-	-	-	-
B. Net book value of financial assets that are past due but not impaired	33,374	241,541	-	-	-
- Secured portion	-	141,395	-	-	-
C. Net book value of financial assets that are past due and impaired	-	698	-	-	-
- Overdue (gross book value)		149,266	-	-	-
- Impairment (-)	-	(148,568)	-	-	-
- Secured portion	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-

	Trade and other receivables			Stock,	Derivative
31 December 2019	**Related party**	**Other**	**Bank deposits**	**fund and bond**	**financial assets**
Maximum credit risk exposure as of the reporting date (A+B+C+D)	**125,094**	**1,395,263**	**1,781,350**	**48,122**	**26,723**
Secured portion	-	391,204	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	125,094	1,057,003	1,781,350	48,122	26,723
- Secured portion	-	378,123	-	-	-
B. Net book value of financial assets that are past due but not impaired	-	337,562	-	-	-
- Secured portion	-	12,383	-	-	-
C. Net book value of financial assets that are past due and impaired	-	698	-	-	-
- Overdue (gross book value)	-	99,111	-	-	-
- Impairment (-)	-	(98,413)	-	-	-
- Secured portion	-	698	-	-	-
- Not overdue (gross book value)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Secured portion	-	-	-	-	-
D. Off-balance sheet items with credit risk	-	-	-	-	-

31.4 Liquidity risk

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed. The liquidity is minimised by balancing the cash inflows and outflows and also securing funds from reliable financial institutions. The breakdown of financial assets and liabilities according to their maturities is disclosed considering the due date periods. Financial assets and liabilities that have no certain due dates are classified in over one-year column.

31 December 2020:

Contractual maturities	Carrying value	Contractual cash flows (=I+II+III+ IV)	Up to 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivate financial liabilities						
Borrowings	6,214,486	6,680,668	1,167,471	1,286,067	3,593,832	633,299
Trade payables	1,122,662	1,125,979	928,903	192,337	4,739	-
Due to related parties	82,283	82,204	79,954	2,250	-	-
Total	**7,419,431**	**7,888,851**	**2,176,328**	**1,480,654**	**3,598,571**	**633,299**

31 December 2019:

Contractual maturities	Carrying value	Contractual cash flows (=I+II+III+ IV)	Up to 3 months (I)	3 to 12 arası (II)	1 to 5 years (III)	More than 5 years (IV)
Non-derivate financial liabilities						
Borrowings	5,293,222	5,873,528	1,334,543	1,792,049	2,441,853	305,083
Trade payables	1,244,150	1,244,150	943,176	297,849	3,125	-
Due to related parties	62,845	62,845	60,593	2,252	-	-
Total	**6,600,217**	**7,180,523**	**2,338,312**	**2,092,150**	**2,444,978**	**305,083**

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31.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group controls its capital using the net debt/total capital ratio. This ratio is calculated by dividing net debt by the total capital amount. Net debt is calculated as total liability amount (comprises of borrowings, trade payables and payables to related parties as presented in the balance sheet) less cash and cash equivalents Total capital is calculated as equity plus the net debt amount as presented in the balance sheet.

The ratio of net debt/equity at 31 December 2020 and 2019 is as follows:

	31 December 2020	31 December 2019
Total liabilities	7,419,431	6,600,217
Less: cash and cash equivalents (Note 5)	(1,684,093)	(1,356,525)
Less: short term financial investments	(581,592)	(474,935)
Net debt	**5,153,746**	**4,768,757**
Total shareholders' equity	7,050,722	6,695,689
Total equity	**12,204,468**	**11,464,446**
Gearing ratio (%)	**42**	**42**

31.6 Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

The estimated fair values of financial instruments have been determined by the Group, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange.

The following methods and assumptions are used to estimate the fair value of the financial instruments:

Monetary assets

Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. These balances are anticipated to approximate their book value.

The carrying values of significant portion of cash and cash equivalents are assumed to approximate to their fair value due to their short-term nature.

The carrying values of trade receivables are assumed to approximate to their fair value with their provisions for doubtful receivables.

Monetary liabilities

Bank loans and other liabilities are anticipated to approximate their book value due to their short-term nature.

The long-term loans are assumed to approximate to their carrying value due to their variable interest rates. The determined fair value of long-term loans to explained on notes, is the discounted amount of cash flows according to agreements with current market interest rate (Note 21).

Fair Value Estimation:

Effective from 1 January 2011 the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following hierarchy:

Level 1: Quoted prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly;
Level 3: Inputs for the asset or liability that is not based on observable market data.

31 December 2020	**Level 1**	**Level 2**	**Level 3**
Financial investments measured at fair value through other comprehensive income	9,466	-	226
Derivative financial assets	-	26,143	-
Total assets	**9,466**	**26,143**	**226**

31 December 2019	**Level 1**	**Level 2**	**Level 3**
Financial investments measured at fair value through other comprehensive income	11,997	-	226
Derivative financial assets	-	26,723	-
Total assets	**11,997**	**26,723**	**226**

Akkök Holding A.Ş.
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2020
(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

NOTE 32 - EVENTS AFTER THE BALANCE SHEET DATE

Company acquisition

The Group purchased 100% of the shares of USK Kimya Anonim Şirketi (“USK Kimya”) on 1 March 2021 for USD63,000,000. With this acquisition, the Group aimed to strengthen its position in the market by adding carboxymethyl cellulose (“CMC”), which is used in drilling, detergent, food, textile, cleaning and other sectors, to its product portfolio. The transfer process was completed on 1 March 2021.

Corporate income tax rate change

With the Law no 7316 amending the Law on Collection Procedure of Public Receivables, published on 22 April 2021, the corporate income tax rate has been increased to 25% for the 2021 fiscal year, and to 23% for the 2022 fiscal year.

Directory

Akkök Holding A.Ş.
Miralay Şefik Bey Sokak No: 15 Akhan
Gümüşsuyu 34437 İstanbul
T: 0212 393 01 01 F: 0212 393 01 12
www.akkok.com.tr akkok@akkok.com.tr

CHEMICALS

Aksa Akrilik Kimya San. A.Ş.
Merkez
Taşköprü Merkez Mahallesi, Merkez Mahallesi Yalova-Kocaeli Yolu Caddesi No: 34 Taşköprü, 77040 Taşköprü Belediyesi/Çiftlikköy/Yalova,
T: 0226 353 25 45 F: 0226 353 33 07
www.aksa.com aksa@aksa.com

Fabrika
Taşköprü Merkez Mahallesi, Merkez Mahallesi Yalova-Kocaeli Yolu Caddesi No: 34 Taşköprü, 77040 Taşköprü Belediyesi/Çiftlikköy/Yalova
T: 0226 353 25 45 F: 0226 814 1855

Ak-Kim Kimya San. ve Tic. A.Ş.
Merkez
Miralay Şefik Bey Sok. Akhan No:15
34437 Gümüşsuyu/İstanbul
T: 0212 381 71 00 / 0212 258 31 22
F: 0212 259 12 92
www.akkim.com.tr akkim@akkim.com.tr

Ak-Kim Kimya Yalova İnorganik Tesisler:
Merkez Mahallesi Ak-Kim Sokak
No:7 Taşköprü, Çiftlikköy/Yalova
T: 0226 815 33 00 F: 0226 353 25 39

Ak-Kim Kimya Yalova Organik Tesisler:
Merkez Mahallesi Fabrikalar Caddesi
No:8 Taşköprü, Çiftlikköy/Yalova
T: 0226 815 33 00 F: 0226 353 25 39

Akcoat İleri Kimyasal Kaplama Malzemeleri Sanayi ve Ticaret A.Ş.
Sakarya 2. O.S.B. 1.Nolu Yol No:18
54300 Hendek /Sakarya
T: 90 264 323 30 31 F: 90 264 323 30 32
gizemfrit@gizemfrit.com

Akcoat Recubrimientos Quimicos Espacializados, S.L.U
Akcoat Spain Office
C/Ceuta, 13 · Pol. Ind. El Colomer P.O Box 375 12200 Onda · Castellón · SPAIN
T: +34 964 776 629 F: +34 964 776 634
sales@mgcolor.com

Akcoat İstanbul Office
Bağdat Caddesi Çatalçeşme Mahallesi No: 492 Ak Apartmanı A Blok Kadıköy / İstanbul

Akcoat China Office
Room 2021,Building C Wanda Plaza
No.58 Xinhua West Street Tongzhou
District 101101 Beijing China

Akcoat USA Office
100 N TRYON ST, STE 4700
CHARLOTTE, NC 28202-4003 North Carolina USA

Dinox Handels-Gmbh
Brüdertor 3
59494 Soest/Germany
T: +49 (0) 29 21 / 36 86 0
F: +49 (0) 29 21 / 36 86 36
info@dinox.com

ENERGY

Akenerji Elektrik Üretim A.Ş.
Merkez
Miralay Şefik Bey Sok. No: 15 Akhan
Gümüşsuyu 34437
T: 0212 249 82 82 F: 0212 249 73 55
www.akenerji.com.tr info@akenerji.com.tr

Şube
Ege Plaza Konya Yolu Mevlana Bulvarı
No: 182/B Kat: 6 D: 23 06530
Balgat/Çankaya/Ankara
T: 0312 447 5060 F: 0312 446 1793

AKCEZ Enerji Yatırımları San. ve Tic. A.Ş.
Yahya Kaptan Mahallesi Şevval Sokak
No : 4/4 İzmit / Kocaeli
T: (0262) 316 0 345
www.akcezenerji.com

SEDAŞ - Sakarya Elektrik Dağıtım A.Ş.
Maltepe Mah. Orhangazi Cad. Trafo Tesisleri Adapazarı/Sakarya
T: 0264 295 8500 F: 0264 275 1048
SEDAŞ Müşteri İletişim Hattı: 186
WhatsApp: 0530 919 19 19
www.sedas.com
info@sedas.com

Sepaş Enerji - Sakarya Elektrik Perakende Satış A.Ş.
Yahya kaptan Mahallesi, Şevval Sokak
No 4/1 İzmit- Kocaeli
www.sepas.com.tr
info@sepas.com.tr
T: 444 5 186
F: 0262 322 88 40

REAL ESTATE

Akiş Gayrimenkul Yatırım Ortaklığı A.Ş.
Acıbadem Mahallesi Çeçen Sokak
No: 25, 34660 Akasya AVM, Acıbadem/
Üsküdar, İstanbul
T: 0212 393 01 00 F: 0212 393 01 02
www.akisgyo.com
info@akisgyo.com

Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.
Nispetiye Cad. E-3 Blok K: 1
Etiler 34340 İstanbul
T: 0212 282 0170
F: 0212 282 01 15 - 0212 282 01 65
www.akmerkez.com.tr
info@akmerkez.com.tr

Akmerkez Residence
Adnan Saygun Cad. Ulus 34340 İstanbul
T: 0212 282 0170 - 0212 282 1128
F: 0212 282 0612
www.akmerkez.com.tr
residence@akmerkez.com.tr

Ak Turizm ve Dış Tic. A.Ş.
Miralay Şefik Bey Sokak No: 15 Akhan
Gümüşsuyu 34437 İstanbul
T: 0212 251 9200 F: 0212 292 1366-67

TEXTILES

Aksa Egypt Acrylic Fiber Industry S.A.E.
4th Industrial Zone, Plot: 19
(Parts:1-2-13-14)
New Borg El Arab City, Alexandria Egypt
T: +203 459 4850/51 F: +203 459 7431

SERVICES

Akmerkez Lokantıcılık Gıda San. ve Tic. A.Ş.
Paper Moon İstanbul
Ulus Cad. Akmerkez No: 224
Etiler 34340 İstanbul
T: 0212 282 1616 F: 0212 282 1334

Ak-Pa Tekstil İhracat Pazarlama A.Ş.
Miralay Şefik Bey Sokak No: 15 Akhan
Gümüşsuyu 34437 İstanbul
T: 0212 251 9200 F: 0212 393 0078
www.akpa.com.tr akpa@akpa.com.tr

Aktek Bilgi İletişim Teknoloji San. ve Tic. A.Ş.
Yıldız Teknik Üniversitesi Davutpaşa Kampüsü
Teknopark D2 Blok Esenler - İstanbul
T: 0212 393 00 90 F: 0212 393 00 91
www.aktekbilisim.com
info@aktekbilisim.com

Dinkal Sigorta Acenteliği A.Ş.
Acıbadem Mah. Çeçen Sk. Akasya Kent Etabı Kule Blok No: 25/A K:7 D:9 34660
Acıbadem/Üsküdar/İstanbul
T: 0212 393 01 11 F: 0212 393 00 11
www.dinkalsigorta.com.tr
dinkal@dinkalsigorta.com.tr

Akkök Holding A.Ş.
Miralay Şefik Bey Sokak No: 15 Ak Han Gümüşsuyu 34437 İstanbul
Tel: 0 212 393 01 01 **Fax:** 0 212 393 01 12
www.akkok.com.tr